In the opinion of Baker & Daniels LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana (together, “Co-Bond Counsel”), under existing law, interest on the Series 2010 F Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2010 F Bonds. Such excludability is conditioned on continuing compliance by the Bond Bank and the Qualified Entity (as defined herein) with certain tax covenants described herein. In the opinion of Co-Bond Counsel, under existing law, interest on the Series 2010 F Bonds is exempt from taxation in the State of Indiana for all purposes except the Indiana inheritance tax and the Indiana financial institutions tax. See “TAX MATTERS” and APPENDIX C “FORM OF OPINION OF CO-BOND COUNSEL” herein.

$159,515,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK BONDS, SERIES 2010 F (PILOT Infrastructure Project)

Dated: Date of Issue Due: as shown on the inside cover

The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 F (PILOT Infrastructure Project) (the “Series 2010 F Bonds”) will be dated the date of issue, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover hereof. The Series 2010 F 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 (“DTUC”). Purchases of beneficial interests in the Series 2010 F Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2010 F Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Series 2010 F Bonds. Interest on the Series 2010 F Bonds is payable on January 1 and July 1 of each year commencing January 1, 2011. Interest, together with the principal and redemption premium, if any, of the Series 2010 F Bonds, will be paid directly to DTC by Wells Fargo Bank, N.A., as trustee, registrar and paying agent (the “Trustee”) under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2010 F Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2010 F Bonds will be the responsibility of the DTC Direct and Indirect Participants, all as defined and more fully described herein under the caption “THE SERIES 2010 F BONDS—Book-Entry-Only System.”

The Series 2010 F Bonds are issued by The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) for the principal purposes of providing funds to: (i) purchase the City of Indianapolis PILOT Revenue Bonds, Series 2010 A (the “Series 2010 Qualified Obligations”) issued by the City of Indianapolis (the “City” or the “Qualified Entity”); (ii) purchase a surety bond policy to fund a reserve for the Series 2010 F Bonds; (iii) fund interest on the Series 2010 F Bonds through January 1, 2012, and a portion of the interest due on July 1, 2012; (iv) purchase a bond insurance policy to insure the Series 2010 F Bonds; and (v) pay the costs of issuance of the Series 2010 F Bonds and related expenses, as more fully described in this Official Statement. The Series 2010 Qualified Obligations are payable by the Qualified Entity from PILOT Revenues (as defined herein) currently received from the Sanitary District of the City of Indianapolis (the “Sanitary District”), and upon consummation of the Proposed Acquisition, to be paid by CWA (each, as defined herein). The principal of and interest on the Series 2010 F Bonds are payable from the proceeds of Qualified Obligation Payments (as defined herein) and other moneys held under the Indenture.

A detailed maturity schedule for the Series 2010 F Bonds is set forth on the inside cover of this Official Statement.

The Series 2010 F Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein.

The Series 2010 F 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, including the Debt Service Reserve Fund, as more fully described herein. The Series 2010 F Bonds do not constitute a debt, liability or loan of the State of Indiana (the “State”) or any political subdivision thereof, including the City, under the constitution and laws of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the City. The sources of payment of, and security for, the Series 2010 F Bonds are more fully described herein. The Bond Bank has no taxing power.

Pursuant to the Indenture, the Bond Bank has agreed to request the City-County Council of Indianapolis and Marion County to appropriate amounts to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement (as defined herein) in accordance with Indiana Code 5-1.4-5. See “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2010 F BONDS—Debt Service Reserve Fund and the Replenishment Thereof.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2010 F Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.). See “BOND INSURANCE.”

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

The Series 2010 F Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the counsel described herein under the caption “CERTAIN LEGAL MATTERS.” It is expected that the Series 2010 F Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 12, 2010.

Citi
Andes Capital Group, LLC  Cabrera Capital Markets, LLC  RBC Capital Markets
Siebert Brandford Shank & Co., L.L.C.  Wells Fargo Securities

August 5, 2010
$159,515,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK BONDS, SERIES 2010 F
(PILOT INFRASTRUCTURE PROJECT)

<table>
<thead>
<tr>
<th>Maturity Date (January 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP</th>
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$41,025,000 5.000% Term Bonds due January 1, 2035, Priced to Yield 4.375%,* CUSIP 45528S7A8

$52,345,000 5.000% Term Bonds due January 1, 2040, Priced to Yield 4.420%,* CUSIP 45528S7B6

* Priced to January 1, 2020 redemption date.

(1) The CUSIP number listed above is being provided solely for the convenience of the holders of the Series 2010 F Bonds only, and the Bond Bank does not make any representations with respect to such number or undertake any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the Series 2010 F Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of the Series 2010 F Bonds.
No dealer, broker, salesperson or other person has been authorized 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 2010 F Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank, the Qualified Entity, the Sanitary District or the Underwriters. This Official Statement, which includes the cover page and appendices, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 F Bonds by any person, in any state or other 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 are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information, estimates 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 affairs of the Bond Bank or the Qualified Entity or 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 a part of, their 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.

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM" or the "Bond Insurer") makes no representation regarding the Series 2010 F Bonds or the advisability of investing in the Series 2010 F Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX E—Specimen Bond Insurance Policy.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 F BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.


The statements contained in this Official Statement, including, but not limited to, and any other information provided by the Bond Bank, the City or the Sanitary District that are not purely
historical, are forward-looking statements, including statements of the Qualified Entity’s expectations, hopes and intentions, or strategies regarding the future.

The forward-looking statements herein are necessarily based on various assumptions and estimates, are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements contained in this Official Statement would prove to be accurate.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Bond Bank, the Qualified Entity or the Sanitary District on the date hereof, and the Bond Bank, the City and the Sanitary District assume no obligation to update any such forward-looking statements.
CITY OF INDIANAPOLIS, INDIANA
Gregory A. Ballard, Mayor
David Reynolds, Controller
Ryan Vaughn, City-County Council President
Joanne Sanders, City-County Council Minority Leader

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

BOARD OF DIRECTORS

Briane M. House, Chairperson
E. Sahara Williams, P.E., Vice Chairperson
James S. Carr
Justin Christian
Fred Miller

Deron S. Kintner, Executive Director and General Counsel

CITY OF INDIANAPOLIS-MARION COUNTY

CITY-COUNTY COUNCIL MEMBERS

Paul C. Bateman, Jr.
Vernon Brown
Virginia L. Alig Cain
Jeffery L. Cardwell
Bob Cockrum
Ed Coleman
N. Susie Day
Jose M. Evans
Aaron Freeman
Monroe Gray, Jr.
Benjamin Hunter
Maggie A. Lewis
Robert B. Lutz
Brian Mahern
Dane Mahern

Barbara Malone
Angela Mansfield
Janice McHenry
Michael J. McQuillen
Doris Mintor-McNeill
Mary Moriarty Adams
Jackie Nytes
William C. Oliver
Marilyn Pfisterer
Angel Rivera
Joanne Sanders
Christine Scales
Mike Speedy
Ryan Vaughn

CO-BOND COUNSEL
Baker & Daniels LLP
Indianapolis, Indiana

UNDERWRITERS’ COUNSEL
Mayer Brown LLP
Chicago, Illinois

Graham & Associates, PC
Indianapolis, Indiana

TRUSTEE
Wells Fargo Bank, N.A
Indianapolis, Indiana
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OFFICIAL STATEMENT
RELATING TO

$159,515,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK BONDS, SERIES 2010 F
(PILOT Infrastructure Project)

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to set forth certain information concerning the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) of its $159,515,000 aggregate principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 F (PILOT Infrastructure Project) (the “Series 2010 F Bonds”). The Series 2010 F Bonds have been authorized by a resolution adopted by the Board of Directors of the Bond Bank on June 21, 2010, and will be issued pursuant to the provisions of a Trust Indenture, dated as of July 1, 2010 (the “Indenture”), between the Bond Bank and Wells Fargo Bank, N.A., as trustee (the “Trustee”), and the laws of the State of Indiana, (the “State”) including particularly Indiana Code 5-1.4, as amended from time to time (the “Act”). The Trustee is the Registrar and Paying Agent (“Registrar” or “Paying Agent”) under the Indenture.

All financial and other information presented in this Official Statement has been provided by the City of Indianapolis, Indiana (the “City” or the “Qualified Entity”) or the Sanitary District from its respective records, except for information expressly attributed to other sources. The presentation of information, including Table II, the tables set forth in Appendix A and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

The offering of the Series 2010 F Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Series 2010 F Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement, including the appendices, and the documents summarized or described herein. The detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page, other preliminary pages and appendices, is unauthorized.

The Use of Proceeds of the Bonds

The Bond Bank will purchase the City of Indianapolis PILOT Revenue Bonds, Series 2010 A (the “Series 2010 Qualified Obligations”) issued pursuant to an ordinance adopted on May 17, 2010 (the “Bond Ordinance”) by the City-County Council of the City (the “City-County Council”), which is authorized under State law to issue the Series 2010 Qualified Obligations to fund the cost of the construction, renovation, rehabilitation and installation of certain improvements to the City's public roads, streets and sidewalks and other public facilities (the “Project”).

The proceeds from the sale of the Series 2010 F Bonds will be used to provide funds to (i) purchase the Series 2010 Qualified Obligations from the Qualified Entity; (ii) purchase a surety bond
policy to fund a reserve for the Series 2010 F Bonds; (iii) pay interest on the Series 2010 F Bonds through January 1, 2012, and a portion of the interest due on July 1, 2012; (iv) purchase a bond insurance policy to insure the Series 2010 F Bonds; and (v) pay the costs of issuance of the Series 2010 F Bonds and related expenses. On or before the issue date of the Bonds, the Bond Bank will have entered into a Qualified Entity Purchase Agreement (the “Purchase Agreement”) with the Qualified Entity governing the terms of the purchase of the Series 2010 Qualified Obligations of the Qualified Entity.

Security and Sources of Payment for the Series 2010 F Bonds

The Series 2010 F Bonds will be issued under and secured by the Indenture. Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the City, are pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2010 F Bonds. The Series 2010 F Bonds are not a debt, liability, or loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act.

The Series 2010 F Bonds are secured by the pledge of the Trust Estate established under the Indenture (the “Trust Estate”), which includes (a) all cash and securities held in the funds and accounts established by the Indenture (except the Rebate Fund), including the Debt Service Reserve Fund described below, and the investment earnings thereon and all proceeds thereof (except to the extent transferred from such funds and accounts from time to time in accordance with the Indenture), (b) all Qualified Obligations acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including the amounts paid or required to be paid, from time to time, for principal and interest by the Qualified Entity to the Bond Bank on the Qualified Obligations and any fees and charges paid as required by the Bond Bank pursuant to the Purchase Agreement (the “Qualified Obligation Payments”), and (c) all revenues and any moneys pledged under the Indenture to the Trustee. All of the Series 2010 F Bonds will be secured equally and ratably by the foregoing. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS.”

The Series 2010 F Bonds are also secured by the Debt Service Reserve Fund created under the Indenture (the “Debt Service Reserve Fund”). The Debt Service Reserve Fund will be funded by a surety bond policy (the “Surety Bond”) as described below in an amount equal to the Series 2010 F Reserve Requirement (as hereinafter defined) and will constitute a reserve fund under Indiana Code 5-1.4-5, as amended. In the event of a deficiency in the Debt Service Reserve Fund, the Bond Bank has covenanted that the Chairperson of the Board of Directors of the Bond Bank will seek an appropriation from the City-County Council pursuant to Indiana Code 5-1.4-5, as amended, to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. In the Bond Ordinance the City-County Council approved an intention to consider the appropriation of the moneys necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS.”

The principal source of payment on the Series 2010 F Bonds will be the principal and interest payments received by the Bond Bank from the Qualified Entity under the Series 2010 Qualified Obligations. The principal of, and interest on, the Series 2010 Qualified Obligations are payable from certain payments in lieu of taxes (the “PILOTs”) paid to the City by the Sanitary District of the City (the “Sanitary District”) semiannually on June 1 and December 1 of each year pursuant to Indiana Code 36-3-2-10, as amended (the “PILOT Act”). The PILOTs, excluding the first $4.5 million collected from each semiannual payment ($9 million annually), will be available to pay debt service on the Series 2010 Qualified Obligations (as so limited, the “PILOT Revenues”). The first $4.5 million of PILOTs collected from each semiannual payment will be applied solely to public safety purposes or such other purposes as determined from time to time by the Qualified Entity and are not expected to be available to pay debt
service on the Series 2010 Qualified Obligations. Pursuant to the Bond Ordinance, the City has fixed PILOTs to be paid through 2039 and covenants to establish and maintain sufficient PILOT Revenues to comply with and satisfy all covenants contained in the Bond Ordinance consistent with the PILOT Act. Additionally, the City is currently negotiating a proposed acquisition of the Wastewater System by, or on behalf of, Citizens Energy Group (each as defined herein). Pursuant to any such acquisition, Citizens Energy Group would be required to agree to make payments to the City in amounts equal to the PILOTs and consistent with the schedule of PILOTs to be paid by the Sanitary District. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS.”

Bond Insurance and Surety Bond

The scheduled payment of principal of and interest on the Series 2010 F Bonds when due will be guaranteed under an insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Series 2010 F Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) (the “Bond Insurer”). The Bond Insurer also will issue the Surety Bond concurrently with the issuance of the Series 2010 F Bonds to fund the Debt Service Reserve Fund in an amount equal to the Series 2010 F Reserve Requirement. See “BOND INSURANCE” and “SURETY BOND.”

Beneficial Owners of the Series 2010 F Bonds should be aware that the issuance of the Bond Insurance Policy gives the Bond Insurer certain rights, including the sole right to direct remedies with respect to the Series 2010 F Bonds in the event of a default. See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—Indenture.”

The Series 2010 F Bonds

Interest on the Series 2010 F Bonds will accrue over time at the rates per annum set forth on the inside cover page hereof. Interest on the Series 2010 F Bonds will be payable on January 1, 2011 and semiannually on each January 1 and July 1 thereafter. The Series 2010 F Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof. See “THE SERIES 2010 F BONDS.”

The Series 2010 F Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Series 2010 F Bonds will be made in book-entry-only form. Purchasers of the Series 2010 F Bonds will not receive certificates representing their beneficial ownership interest in the Series 2010 F Bonds. Interest on the Series 2010 F Bonds, together with the principal of the Series 2010 F 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 2010 F Bonds. See “THE SERIES 2010 F BONDS—Book-Entry-Only System.”

Certain Series 2010 F Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein under the caption “THE SERIES 2010 F BONDS—Redemption Provisions of the Series 2010 F Bonds.”

The Bond Bank and the Act

The Bond Bank is a body corporate and politic, separate from the City, established for the public purposes set forth in the Act. The Bond Bank has no taxing power. The Bond Bank is governed by a five (5) member Board of 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 to be the City, Marion County (the “County”), any special taxing district located wholly within the County, any entity whose tax levies are subject to review and modification by the City-County Council under Indiana Code 36-3-6-9 and any authority created under Indiana Code Title 36 that leases land or facilities to any of the foregoing qualified entities. The City 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 PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—Definitions.”

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2009 is filed with and available from the MSRB through its EMMA system. See “AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION.” Certain recent developments regarding the City’s finances are described in Appendix A.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entity and copies of the Indenture may be obtained from The 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.

THE SERIES 2010 F BONDS

General

The Series 2010 F Bonds are issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Each Series 2010 Bond will carry an original issue date of August 12, 2010 (the “Issue Date”). The Series 2010 F Bonds will be issued in the aggregate principal amount of $159,515,000 and will bear interest (calculated on the basis of twelve 30-day months and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2010 F Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2011 (each, an “Interest Payment Date”). Each Series 2010 Bond authenticated on or before December 15, 2010 will bear interest from the Issue Date and each Series 2010 Bond authenticated after December 15, 2010 will bear interest from the most recent Interest Payment Date on which interest was paid prior to the date of authentication, unless the Series 2010 Bond is authenticated after the fifteenth day of the month immediately preceding the month of the related Interest Payment Date (a “Record Date”), and on or before the next Interest Payment Date. Series 2010 F Bonds authenticated after a Record Date but prior to the related Interest Payment Date will bear interest from the related Interest Payment Date.
When issued, all Series 2010 F 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 2010 F Bonds will be made in book-entry-only form (without certificates) in the denomination of $5,000 or any integral multiple thereof. For so long as the Series 2010 F Bonds are registered in the name of DTC or its nominee, payments of the principal of, premium, if any, and interest on the Series 2010 F Bonds will be paid only to DTC or its nominee. Interest on the Series 2010 F Bonds will be paid on each Interest Payment Date by wire transfer to DTC or its nominee. Principal will be paid to DTC or its nominee upon presentation and surrender of the Bonds at the principal office of the Registrar. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal, premium, if any, or interest on the Series 2010 F Bonds. See “THE SERIES 2010 F BONDS—Book-Entry-Only System.”

If the Series 2010 F Bonds are no longer registered in the name of DTC or its nominee, or any other clearing agency, interest on the Series 2010 F Bonds will be made to the person appearing on the bond registration books of the Registrar as the Registered Owner at the close of business on the Record Date directly preceding the next Interest Payment Date and will be paid by check dated the due date and mailed on or before the Interest Payment Date to the Registered Owner at its address as it appears on such registration books or at another address furnished to the Registrar in writing by the Registered Owner. The Bond Bank may, upon written direction of the Registered Owner to the Paying Agent not less than five (5) business days prior to the Record Date immediately preceding the next Interest Payment Date provide for the payment of interest on Series 2010 F Bonds to any owner of an aggregate principal amount of the Series 2010 F Bonds of at least $1,000,000 by wire transfer on the Interest Payment Date or by another method deemed acceptable to the Paying Agent and the Bondholder. The principal of the Bonds is payable upon presentation of the Series 2010 F Bonds at the corporate trust operations office of the Registrar (or other office designated by the Registrar), which is currently located at 300 North Meridian Street, Indianapolis, Indiana 46204.

Redemption Provisions of the Series 2010 F Bonds

Optional Redemption of the Series 2010 F Bonds

The Series 2010 F Bonds maturing on or after January 1, 2021, are subject to redemption prior to maturity at the option of the Bond Bank, on at least thirty (30) days’ notice, in whole or in part, but in integral multiples of $5,000 in any order of maturity as designated by the Bond Bank, by lot within any maturity or maturities, on any date not earlier than January 1, 2020, at one hundred percent (100%) of the face value amount of each Series 2010 F Bond to be redeemed without premium, plus accrued interest to the redemption date.

It shall be a condition to the optional redemption of Series 2010 F Bonds pursuant to that the Bond Bank furnish to the Trustee a Cash Flow Certificate to the effect that, giving effect to such redemption, revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Mandatory Sinking Fund Redemption of the Series 2010 F Bonds

The Series 2010 F Bonds maturing on January 1, 2035 and on January 1, 2040 (collectively, the “Series 2010 Term Bonds”) are subject to mandatory sinking fund redemption, as described below, on January 1 in the years specified below. The redemption price will be 100% of the principal amount of such Series 2010 Term Bonds to be redeemed plus accrued interest to the redemption date.
Series 2010 Term Bond Maturing January 1, 2035

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<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2031</td>
<td>$7,425,000</td>
</tr>
<tr>
<td>2032</td>
<td>7,795,000</td>
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<td>8,185,000</td>
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<td>8,595,000</td>
</tr>
<tr>
<td>2035*</td>
<td>9,025,000</td>
</tr>
</tbody>
</table>

*Final Maturity

Series 2010 Term Bond Maturing January 1, 2040

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2036</td>
<td>$9,475,000</td>
</tr>
<tr>
<td>2037</td>
<td>9,945,000</td>
</tr>
<tr>
<td>2038</td>
<td>10,445,000</td>
</tr>
<tr>
<td>2039</td>
<td>10,965,000</td>
</tr>
<tr>
<td>2040*</td>
<td>11,515,000</td>
</tr>
</tbody>
</table>

*Final Maturity

The Trustee will credit against the mandatory sinking fund requirement for the Series 2010 F Bonds, and corresponding mandatory redemption obligation, in the order determined by the Bond Bank, any Series 2010 F Bonds of such maturity which have previously been redeemed (otherwise than as a result of a previous mandatory sinking fund redemption requirement) or delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2010 Term Bond so delivered or cancelled shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund redemption date, and any excess of such amount shall be credited on future mandatory sinking fund redemption obligations as designated by the Bond Bank, and the principal amount of the Series 2010 Term Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Trustee shall only credit such Series 2010 Term Bonds to the extent received on or before 45 days preceding the applicable mandatory sinking fund redemption date stated above.

Selection of Series 2010 F Bonds to be Redeemed

If fewer than all of the Series 2010 F Bonds are called for redemption, the principal amount and maturity of the particular Series 2010 F Bonds to be redeemed will be selected by the Bond Bank, provided that the Series 2010 F Bonds will be redeemed only in authorized denominations of $5,000 or any integral multiple thereof. If any of the Series 2010 F Bonds are simultaneously subject to both optional and mandatory redemption, the Trustee will first select by lot the Series 2010 F Bonds to be redeemed under the mandatory redemption provisions.

In the event DTC is not the sole registered owner of the Series 2010 F Bonds and fewer than all of the Series 2010 F Bonds of a particular maturity shall be called for redemption, the portion of such maturity shall be selected by lot by the Trustee and, for this purpose, each $5,000 of principal amount
represented by any Series 2010 F Bond shall be considered a separate Series 2010 F Bond for purposes of selecting the Series 2010 F Bond to be redeemed.

In the event DTC is the sole registered owner of the Series 2010 F Bonds, partial redemptions of a particular maturity of such Series of Bonds will be done in accordance with the procedures of DTC.

**Notice of Redemption**

In the case of redemption of the Series 2010 F Bonds, notice of the call for any redemption, identifying the Series 2010 F Bonds to be redeemed and the date and place of redemption, which shall be determined by the Bond Bank, shall be given by the Registrar by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any Bondholder, or any defect in the notice shall not affect the validity of any proceeding for the redemption of any other Series 2010 F Bonds. Notice of any redemption of Series 2010 F Bonds shall either (a) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Series 2010 F Bonds to be redeemed, or (b) be sent only if sufficient money to pay the full redemption price of the Series 2010 F Bonds to be redeemed is on deposit in the applicable fund or account.

With respect to any optional redemption of Series 2010 F Bonds, the Bond Bank shall give written notice to the Trustee of its election or direction to redeem, the redemption date of the series, the principal amounts of the Series 2010 F Bonds of each maturity of such series to be redeemed (which series, maturities and principal amounts thereof to be redeemed shall be determined by the Bond Bank in its sole discretion, subject to any limitations contained in the Act or the Indenture) and the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. If notice of redemption shall have been given as provided in the preceding paragraph, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the Bond Bank, will, on or before the redemption date, pay to the Paying Agent an amount in cash which, in addition to other moneys, if any, available and held by such Paying Agent, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Series 2010 F Bonds to be redeemed. The Bond Bank shall promptly notify the Trustee in writing of all such payments made by the Bond Bank to the Paying Agent.

**Exchange and Transfer**

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

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

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will transfer and exchange Bonds only on behalf of DTC or its nominee, in accordance with the preceding
paragraph. Neither the Bond Bank, nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owner's interests in the Bonds.

**Book-Entry-Only System**

The information provided in the following nine paragraphs of this caption has been provided by DTC. No representation is made by the Bond Bank, the Qualified Entity 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.

DTC will act as securities depository for the Series 2010 F Bonds. The Series 2010 F Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 Bond certificate will be issued for each maturity of the Series 2010 F Bonds and will be deposited with DTC.

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

Purchases of Series 2010 F Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 F Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 F 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 Series 2010 F Bonds, except in the event that use of the book-entry system for the Series 2010 F Bonds is discontinued.
To facilitate subsequent transfers, all Series 2010 F Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 F Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 F Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2010 F Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2010 F Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 F Bonds, such as redemptions, defaults, and proposed amendments to the Series 2010 Bond documents. For example, Beneficial Owners of Series 2010 F Bonds may wish to ascertain that the nominee holding the Series 2010 F Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2010 F Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 F Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank, as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 F Bonds are credited on the Record Date (identified in a listing attached to the “Omnibus Proxy”).

Principal and interest payments on the Series 2010 F 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 a payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, any other Fiduciary (as hereinafter defined) or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank, the Paying Agent or any other Fiduciary, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2010 F Bonds at any time by giving reasonable notice to the Bond Bank or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 Bond certificates are required to be printed and delivered.
THE INFORMATION PROVIDED ABOVE UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BOND BANK, THE QUALIFIED ENTITY 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.

Neither the Bond Bank, the Underwriters, nor the Qualified Entity will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any beneficial owner with respect to ownership questions, (ii) the delivery to any beneficial owner of the Series 2010 F Bonds or any other person, other than DTC, of any notice with respect to the Series 2010 F Bonds, including any notice of redemption, or (iii) the payment to any beneficial owner of the Series 2010 F Bonds or any other person, other than DTC, of any amount with respect to the principal of, or premium, if any, or interest on the Series 2010 F Bonds.

Prior to any discontinuation of the book-entry only system described above, the Bond Bank and the Trustee may treat as and deem DTC or CEDE & CO. to be the absolute Bondholder of each Series 2010 Bond for the purpose of (i) payment of the principal of and premium, if any, and interest on such Series 2010 Bond, (ii) giving notice of redemption and other matters with respect to such Series 2010 Bond, (iii) registering transfers with respect to such Series 2010 Bond, and (iv) for all other purposes whatsoever.

Revision of Book-Entry-Only System

In the event that the Bond Bank and the Trustee receive written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Series 2010 F Bonds shall no longer be restricted to being registered in the register of the Bond Bank kept by the Trustee in the name of CEDE & CO., as nominee of DTC, but may be registered in whatever name or names the Bondholders transferring or exchanging Series 2010 F Bonds shall designate, in accordance with the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS

The Series 2010 F Bonds are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on the Series 2010 F Bonds.

The Series 2010 F Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the Bond Bank or the City, 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 Bond Bank or the City. The Bond Bank has no taxing power.

The sources of payment and security for the Series 2010 F Bonds are more fully described below. The Series 2010 F Bonds are also secured by the Debt Service Reserve Fund created under the Indenture. The Series 2010 F Reserve Requirement will be provided by a Surety Bond to be issued by the Bond Insurer concurrently with the issuance of the Series 2010 F Bonds. See “SURETY BOND.”

Additionally, the Debt Service Reserve Fund will constitute a reserve fund under Indiana Code 5-1.4-5, as amended. In the event of a deficiency in the Debt Service Reserve Fund, the Bond Bank has covenanted that the Chairperson of the Board of Directors of the Bond Bank will seek an appropriation from the City-County Council pursuant to Indiana Code 5-1.4-5, as amended, to restore the Debt Service
The Reserve Fund to an amount equal to the Debt Service Reserve Requirement, which for the Series 2010 F Bonds is equal to the Series 2010 F Reserve Requirement. In the Bond Ordinance, the City-County Council approved an intention to consider the appropriation of the moneys necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement.

The Series 2010 F Bonds are secured by the pledge of the Trust Estate, which includes (a) all cash and securities held in the funds and accounts established by the Indenture (except the Rebate Fund) and the investment earnings thereon and all proceeds thereof (except to the extent transferred from such funds and accounts from time to time in accordance with the Indenture), (b) all Qualified Obligations acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including all Qualified Obligation Payments (as described herein), and (c) all revenues and any moneys pledged under the Indenture to the Trustee as security by the Bond Bank. All of the Series 2010 F Bonds will be secured equally and ratably by the foregoing.

The principal source of payment on the Series 2010 F Bonds will be the principal and interest payments received by the Bond Bank from the Qualified Entity under the Series 2010 Qualified Obligations to be acquired by the Bond Bank pursuant to the Purchase Agreement. The principal of, and interest on the Series 2010 Qualified Obligations are payable from the PILOT Revenues which consist of a portion of the PILOTs currently paid to the City by the Sanitary District pursuant to the PILOT Act, and upon consummation of the Proposed Acquisition, is expected to be paid by CWA to the City pursuant to the Proposed Agreements. See “—The Proposed Acquisition.”

The Qualified Entity (the City) and the Sanitary District

The Qualified Entity is a municipal corporation located in the County. It is the largest city in the State and the fourteenth largest city in the United States with a population of 807,584 and metropolitan area population of approximately 1.7 million people. In 1970, the governments of the City and the County were consolidated to form the State’s only unified 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, although the municipalities of Beech Grove, Lawrence, Speedway and Southport were excluded.

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and has extensive appointment powers, including the right to name Deputy Mayors, Department heads and many board and commission members. The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City. The Mayor controls the major administrative functions through six departments as follows: Code Enforcement, Metropolitan Development, Parks and Recreation, Public Works, Public Safety, and Waterworks.

The legislative body of the City and the County is the City-County Council. The City-County Council approves the annual budget and any tax levies for the City and other special taxing districts of the City and the County. The City-County Council also is empowered to adopt or to review and modify the budgets and tax levies of certain other municipal corporations located within the County, to confirm appointments of individuals to the positions of Deputy Mayor and Directors of UniGov Departments and to enact legislation and appoint individuals to various boards and commissions of local government. The City-County Council also is required to approve the issuance of additional debt of the City.

The City’s Comprehensive Annual Financial Report (“CAFR”) for fiscal years ending prior to December 31, 2008 are filed with and available from the NRMSIRs which were in existence prior to July 1, 2009, and, for fiscal years ending December 31, 2008 and thereafter, upon release by the City’s auditors, are or will be filed with and available from the Municipal Securities Rulemaking Board’s

The Sanitary District operates under the operation of the City’s Department of Public Works (the “Department”), and serves nearly all of the territory of the City, providing sanitary sewer service to over 220,000 customers and seven (7) satellite communities (of which two (2) are contract customers) including the City of Beech Grove, the City of Lawrence, Ben Davis Conservancy District, South Whitestown Utilities, Tri-County Conservancy District, the City of Greenwood, and Hamilton Southeastern Utilities.

The Board of Public Works is the governing body of the Sanitary District and consists of seven (7) members; three (3) members appointed by the Mayor of the City and three (3) members appointed by the City-County Council to one-year terms. The Director of the Department serves as presiding officer of the Board of Public Works. The Board of Public Works, which meets twice monthly, holds any hearings required by law, and approves the awarding of contracts and bid authorizations and the issuance of revenue bonds under bond resolutions related to such issuances by the Sanitary District.

The City-County Council is the legislative body with oversight authority for fiscal matters pertaining to the Sanitary District, including approving its rates and charges and the issuance of debt, and annually appropriates the revenues allocated for the operational, maintenance and capital requirements of the Sanitary District. Because the Sanitary District currently is not subject to the Indiana Utility Regulatory Commission (“IURC”) jurisdiction, no additional approval at this time is required to increase rates and charges. However, upon consummation of the Proposed Acquisition, it is expected that CWA will be subject to IRUC jurisdiction. See “—The Proposed Acquisition” and Appendix A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT.”

Certain information related to the Qualified Entity and the Sanitary District is set forth in APPENDIX A.

The Proposed Acquisition

Prompted by rising utility rates and infrastructure challenges, in February 2009, the Mayor of the City created the Infrastructure Advisory Commission (the “IAC”). The IAC’s directives were to assess the infrastructure challenges the City faces in light of rising utility rates, review long-term solutions to those challenges, solicit feedback from citizens of the City and review both national and international models for financing any potential solutions. The IAC held public forums and met with businesses and neighborhood associations. The IAC’s process resulted in its recommendation that the City issue a request for expressions of interest (the “REI”).

The REI was issued on July 21, 2009, seeking creative and innovative solutions to the City’s infrastructure challenges and rising utility rates. In response to the REI, the City received 23 submissions from local, national and global organizations. The Mayor’s office invited nine of the 23 bidders to present their ideas to the IAC. In reviewing the possible structures, the IAC’s priorities were the following: (i) the selected approach should contribute to the long-term viability of the City; (ii) all assets of the wastewater and utilities should remain publicly owned; (iii) utility rate increases should be mitigated; (iv) the plan should provide for a thoughtful allocation of the proceeds from the transaction; and (v) the utilities must continue to meet federal mandates and regulatory standards.

On March 9, 2010 the City entered into a Memorandum of Understanding for Consolidation of Municipal Utilities (the “MOU”) with the Board of Directors for Utilities (“Citizens Board”) of the Department of Public Utilities of the City d/b/a Citizens Energy Group (“Citizens Energy Group”). The
MOU memorialized their mutual understanding, concerning the proposed acquisition of the City’s water system (the “Water System”) and wastewater system (the “Wastewater System”; together with the Water System, collectively referred to as the “Systems”) by, or on behalf of, Citizens Energy Group subject to the terms of the MOU (the “Proposed Acquisition”). The City and Citizens Energy Group have reached agreement on forms of Asset Purchase Agreements for the acquisition of the Systems (each a “Proposed Agreement” and collectively, the “Proposed Agreements”). After thorough analysis of various options, structures and partners, the City believes the Proposed Acquisition of the Systems by or on behalf of, Citizens Energy Group will provide the City with much needed capital to fund necessary infrastructure improvements, result in rate mitigation for the Systems and continue to provide the City's citizens with excellent water and wastewater services. See additional information on Citizens Energy Group in Appendix A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District.” The consummation of the Proposed Acquisition is subject to certain closing conditions and the completion of business, financial, legal and similar due diligence with results satisfactory to Citizens Energy Group in its discretion. The City-County Council approved the Proposed Agreements at its July 26, 2010 council meeting. The Proposed Agreements evidencing the Proposed Acquisition could be signed as early as August with financial close occurring as early as March 31, 2011.

One reason the City is considering the Proposed Acquisition is to meet certain of the over $4 billion for necessary improvements to the Systems and $1.5 billion for other basic infrastructure projects such as roads, bridges, sidewalks and parks. Included in the estimated improvements is approximately $1.4 billion in improvements (in 2004 dollars) mandated by the U.S. Environmental Protection Agency (“EPA”) pursuant to the 2006 consent decree entered into by the City and the EPA (the “Consent Decree”) and subsequently amended. See APPENDIX A to this Official Statement for more information on the Sanitary District and the Consent Decree. If the City does not consummate the Proposed Acquisition as described herein, to cover the costs of all of these necessary improvements, it is projected by the City that Water rates would need to increase over 100% and Wastewater rates could increase more than 400% respectively by 2025.

Citizens Energy Group expects that the combined operation by, or on behalf of, Citizens Energy Group of the Central Indiana water, wastewater, gas, steam and chilled water utility systems will result in substantial operating and capital project synergies annually. The combination is expected to result in lower rates for all customers of the Water System and Wastewater System than would otherwise result in the absence of the Proposed Acquisition. Citizens Energy Group is exempt from federal and state income taxes and has the ability to issue tax-exempt debt. Citizens Energy Group also has significant experience owning, managing and operating utilities in the City and in Central Indiana. See APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District.”

Citizens Energy Group expects to create CWA Authority, Inc. (“CWA”) pursuant to an Interlocal Cooperation Agreement (the “Interlocal Agreement”) among Citizens Energy Group, the City and the Sanitary District to acquire the assets of the Wastewater System. CWA will be a separate, not-for-profit corporation created specifically to acquire and hold the assets of the Wastewater System. Pursuant to the Interlocal Agreement, upon closing of the Proposed Acquisition, the Sanitary District, the City and the Citizens Board will vest in CWA, all of the power and authority each has to acquire, hold and operate the Wastewater System (excluding the City's taxing power and taxing authority). See APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District—CWA.”

The increase in annual PILOTs adopted by the City-County Council pursuant to the Bond Ordinance, a portion of which will secure payments of interest on and principal of the Series 2010 Qualified Obligations as described herein, is a component of the negotiations related to the Proposed Acquisition. The City intends to monetize the increase in PILOTs by issuing the Series 2010 Qualified Obligations and to use the proceeds to fund necessary public infrastructure improvements unrelated to the
System. The Proposed Acquisition, as provided in the Proposed Agreement for the acquisition of the Wastewater System requires that CWA agree to make payments to the City in amounts equal to the PILOTs consistent with the schedule of PILOTs to be paid by the Sanitary District. The Proposed Agreement for the Wastewater System, in addition to those matters specifically set forth in the MOU, include, customary representations, warranties, indemnities, covenants and conditions of closing typical for transactions of similar scope and significance to the parties. CWA will also assume, replace or defease certain of the existing debt related to the Wastewater System.

The Proposed Acquisition will be subject to various conditions precedent to closing, certain of which are specifically related to the Wastewater System. In particular, CWA must demonstrate it has completed the necessary financing so that it may finance the transaction and assume or replace all existing interest-bearing debt related to the Wastewater System. Additionally, the IURC must approve the Proposed Acquisition, including, but not limited to, (1) the PILOT schedule adopted by the Bond Ordinance and set forth below in Table I and (2) that future wastewater rates include as a revenue requirement, in addition to all other recoverable costs, any debt service assumed or incurred by CWA in order to complete the Proposed Acquisition and the PILOTs. Certain other conditions must also be satisfied.

Additional information on the Proposed Acquisition, Citizens Energy Group and CWA is included in APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District.”

The Series 2010 Qualified Obligations

From the proceeds of the Series 2010 F Bonds, the Bond Bank intends to purchase and, upon purchase, will pledge the Series 2010 Qualified Obligations to the Trustee. The Series 2010 Qualified Obligations are authorized by the Bond Ordinance and are payable from the Qualified Obligation Payments consisting primarily of the PILOT Revenues consisting of PILOTs currently paid to the Qualified Entity by the Sanitary District pursuant to the PILOT Act and the Bond Ordinance, and upon consummation of the Proposed Acquisition, such PILOTs are expected to be paid by CWA pursuant to the Proposed Agreement and the PILOT Act. The Series 2010 Qualified Obligations will secure and provide for the payment of the Series 2010 F Bonds. The Qualified Obligation Payments from the Series 2010 Qualified Obligations have been structured to be sufficient to pay the principal of and interest on the Series 2010 F Bonds when due. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” regarding the verification of such sufficiency. The Qualified Obligation Payments from the Series 2010 Qualified Obligations will be derived by the Qualified Entity from the irrevocable pledge of and first charge upon the PILOT Revenues deposited into the Sinking Fund created under the Bond Ordinance and the investment earnings thereon and all proceeds thereof. In the Bond Ordinance, the City has covenanted to set aside and pay into the Sinking Fund a sufficient amount of the PILOT Revenues to the extent available to meet (a) interest on the Series 2010 Qualified Obligations as such interest becomes due, (b) the necessary fiscal agency charges for paying the principal of and interest on the Series 2010 Qualified Obligations, and (c) the principal of the Series 2010 Qualified Obligations as it becomes due. See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Bond Ordinance.”

Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the City, are pledged to the payment of the principal of, premium, if any, and interest on the Series 2010 Qualified Obligations. The Series 2010 Qualified Obligations 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 Qualified Entity’s power to levy taxes is not securing the payment of the principal of, premium, if any, and interest on the Series 2010 Qualified Obligations.
On or before the date of the issuance of the Series 2010 F Bonds, the Bond Bank will enter into the Purchase Agreement with the Qualified Entity to purchase the Series 2010 Qualified Obligations.

Security for the Series 2010 Qualified Obligations

The ability of the Bond Bank to pay principal of and interest on the Series 2010 F Bonds depends upon the receipt by the Bond Bank of the Qualified Obligation Payments from the Qualified Entity. The ability of the Qualified Entity to make its Qualified Obligation Payments depends upon the collection of PILOT Revenues from the Sanitary District.

The City and the Sanitary District currently own and operate the City's wastewater works and facilities (hereinafter collectively referred to as the “Wastewater Facilities”), which are exempt from property taxation under Indiana Code 6-1.1, as amended. The PILOT Act authorizes the City-County Council, by ordinance, to impose PILOTs with respect to the tangible property of the Wastewater Facilities (including both tangible property owned or leased by the Sanitary District, hereinafter collectively referred to as the “Tangible Property”). Under the Act, the Assessor of Marion County, Indiana, is required to assess the Tangible Property in an amount that does not exceed the amount of property taxes that would have been levied by the City-County Council if the Tangible Property was not subject to an exemption from property taxation.

In the Bond Ordinance, the City determined that (1) PILOTs currently paid by the Sanitary District with respect to the Wastewater Facilities is less than the amount that would have been levied against the Tangible Property if the Tangible Property were not exempt from property taxation, (2) based on expected continued improvements to the Wastewater Facilities through calendar year 2022, annual increases to the amount of PILOTs should be implemented, (3) effective for calendar year 2010 through and including calendar year 2039, the amount of PILOTs to be paid annually by the Sanitary District, which amount will continue to be paid annually through calendar year 2039, will be in the amounts provided below in Table I (which includes the first $4.5 million of PILOTs to be paid on each PILOT Payment Date described below pursuant to ordinance previously adopted by the City-County Council and used for purposes other than the payment of the principal of and interest on the Series 2010 Qualified Obligations) and (4) the aggregate annual PILOTs do not exceed the amount of property taxes that would have been paid for each respective year with respect to the Tangible Property if the Tangible Property was not exempt from property taxation. PILOTs received by the City must be deposited in the consolidated county fund, may be used for any purpose that the consolidated county fund may be used, and is treated in the same manner as taxes for all purposes of all procedural and substantive provisions of law. See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Bond Ordinance.”

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 $11,519,787</td>
<td>2018 $22,729,332</td>
</tr>
<tr>
<td>2011 $13,038,566</td>
<td>2019 $25,647,129</td>
</tr>
<tr>
<td>2012 $14,264,201</td>
<td>2020 $27,908,296</td>
</tr>
<tr>
<td>2013 $14,874,669</td>
<td>2021 $28,739,159</td>
</tr>
<tr>
<td>2014 $12,770,735</td>
<td>2022 $29,152,282</td>
</tr>
<tr>
<td>2015 $17,168,014</td>
<td>2023 $29,444,917</td>
</tr>
<tr>
<td>2016 $17,168,014</td>
<td>2024 $27,788,097</td>
</tr>
<tr>
<td>2017 $19,520,181</td>
<td>2025 $26,095,838</td>
</tr>
<tr>
<td>2018 $24,362,479</td>
<td>2026 $22,851,006</td>
</tr>
<tr>
<td>2019 $23,154,132</td>
<td>2027 $23,485,461</td>
</tr>
<tr>
<td>2020 $23,842,921</td>
<td>2028 $23,822,921</td>
</tr>
<tr>
<td>2021 $24,221,728</td>
<td>2029 $24,221,728</td>
</tr>
<tr>
<td>2022 $24,618,285</td>
<td>2030 $24,618,285</td>
</tr>
<tr>
<td>2023 $25,031,974</td>
<td>2031 $25,031,974</td>
</tr>
<tr>
<td>2024 $25,457,202</td>
<td>2032 $25,457,202</td>
</tr>
<tr>
<td>2025 $25,889,899</td>
<td>2033 $25,889,899</td>
</tr>
<tr>
<td>2026 $26,330,027</td>
<td>2034 $26,330,027</td>
</tr>
<tr>
<td>2027 $26,777,638</td>
<td>2035 $26,777,638</td>
</tr>
<tr>
<td>2028 $27,232,858</td>
<td>2036 $27,232,858</td>
</tr>
<tr>
<td>2029 $27,695,816</td>
<td>2037 $27,695,816</td>
</tr>
<tr>
<td>2030 $28,159,816</td>
<td>2038 $28,159,816</td>
</tr>
<tr>
<td>2031 $28,623,816</td>
<td>2039 $28,623,816</td>
</tr>
</tbody>
</table>
The PILOTs are paid semiannually on June 1 and December 1 each year (each a “PILOT Payment Date”). PILOTs may be paid with respect to the Wastewater Facilities only from the cash earnings of the facility remaining after provisions have been made to pay for current obligations related to the Wastewater System, including: (a) operating and maintenance expenses; (b) payment of principal and interest on any bonded indebtedness; (c) depreciation or replacement fund expenses; (d) bond and interest sinking fund expenses; and (e) any other priority fund requirements required by law or by any bond ordinance, resolution, indenture, contract, or similar instrument binding on the Wastewater Facilities. Additionally, the PILOT Revenues pledged as security for the payment of the Series 2010 Qualified Obligations do not include the first $4.5 million of PILOTs received by the City on each PILOT Payment Date, which are dedicated solely for public safety costs or other legal uses. Current outstanding debt related to the Wastewater Facilities upon which debt service must be paid prior to making the required PILOTs is set forth below in Table II. See APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District” for additional information, including certain financial information, on the Sanitary District.

The City intends to issue the Series 2010 Qualified Obligations secured by the PILOT Revenues prior to the time the Proposed Agreements may be consummated by the parties. Because certainty as to the amount of the annual PILOT is necessary for the issuance of investment grade bonds secured by the PILOT Revenues, the City, by ordinance, fixed the amount of the PILOTs through the year 2039 in the Bond Ordinance as described above. Upon financial close of the Proposed Acquisition, pursuant to the Proposed Agreement, CWA will be obligated to pay to the City when due the scheduled PILOTs as set forth in the Bond Ordinance and Table I above, which the parties to the Proposed Agreement will mutually agree will be fixed payments representing a bargained for exchange such that the CWA will be assured that the stream of PILOT Payments will not be more, and the City will be assured that the payments will not be less, than the amounts set forth in the Bond Ordinance. CWA will make the scheduled PILOTs in the same two equal installments on June 1 and December 1 of each year. In the event that CWA fails to pay the City the required payment on its due date, then interest will accrue on the delinquent amount at a rate consistent with other taxes on property. Similar to the Sanitary District’s obligation to pay the PILOTs, the obligation of CWA to pay the PILOTs to the City will be subordinate to operating and maintenance expenses, payment of principal and interest on any bonded indebtedness, depreciation or replacement fund expenses, bond and interest sinking fund expenses and any other priority fund requirements required by law or any ordinance, resolution, indenture, contract or similar instrument binding on the System. Under the Proposed Agreement, CWA will agree not to seek to subject the acquired assets to property tax and consistent with the PILOT Act, CWA will seek approval of rates sufficient to have cash earnings from legally available sources of revenue sufficient to timely make the required PILOT payments. Further, under the Proposed Agreement, the City will agree not to amend the Bond Ordinance in any manner which increases the CWA’s obligations to pay the PILOTs and for the years beginning in 2040 and thereafter, CWA will continue to pay annually a PILOT equal to the amount determined in accordance with the PILOT Act.

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TABLE II:
Existing Debt Related to the Wastewater System (as of June 1, 2010)

Par Amount of the State Revolving Fund (‘‘SRF’’) Debt of the Department of
Sanitary District

<table>
<thead>
<tr>
<th>Name of Bonds</th>
<th>Outstanding Par</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1998A</td>
<td>$ 12,765,000</td>
</tr>
<tr>
<td>Series 2000A</td>
<td>20,268,000</td>
</tr>
<tr>
<td>Series 2001A</td>
<td>31,170,000</td>
</tr>
<tr>
<td>Series 2002B</td>
<td>31,867,000</td>
</tr>
<tr>
<td>Series 2004A</td>
<td>6,620,000</td>
</tr>
<tr>
<td>Series 2004B</td>
<td>20,814,400</td>
</tr>
<tr>
<td>Series 2004C</td>
<td>59,740,000</td>
</tr>
<tr>
<td>Series 2005</td>
<td>79,555,000</td>
</tr>
<tr>
<td>Series 2006A</td>
<td>32,610,000</td>
</tr>
<tr>
<td>Series 2006B</td>
<td>33,195,000</td>
</tr>
<tr>
<td>Series 2007E</td>
<td>73,440,250</td>
</tr>
<tr>
<td>Series 2009A</td>
<td>32,050,000</td>
</tr>
</tbody>
</table>

Summary of General Obligation Debt related to the Wastewater System

<table>
<thead>
<tr>
<th>Name of Bonds</th>
<th>Outstanding Par</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO Bond Series 1993A</td>
<td>$ 13,220,000</td>
</tr>
<tr>
<td>GO Bond Series 2003A</td>
<td>8,695,000</td>
</tr>
<tr>
<td>GO Bond Series 2007C</td>
<td>28,570,000</td>
</tr>
<tr>
<td>GO Bond Series 2007D</td>
<td>703,000</td>
</tr>
<tr>
<td>GO Bond Series 2009A</td>
<td>2,420,000</td>
</tr>
</tbody>
</table>

Non-SRF Revenue Debt

<table>
<thead>
<tr>
<th>Name of Bonds</th>
<th>Outstanding Par</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary District Revenue Bonds, Series 2007A</td>
<td>$32,060,000</td>
</tr>
<tr>
<td>Sanitary District Revenue Bond of 2000 Series (Re-Issued)</td>
<td>7,230,000</td>
</tr>
<tr>
<td>Sanitary District Revenue Notes, Series 2010A</td>
<td>85,000,000</td>
</tr>
</tbody>
</table>

The PILOT Revenues received by the City pursuant to the PILOT Act will be used and applied as provided in the Bond Ordinance and in strict accordance with the PILOT Act. All of such revenues shall be segregated and kept in special accounts separate and apart from all other funds of the City and shall be used and applied in payment of all Qualified Obligations and interest thereon. The PILOT Account designated and constituted under the Bond Ordinance is the fund used for the payment of the interest on and principal of the Qualified Obligations. The PILOT Account consists of (i) a Bond Principal and Interest Account and a Reserve Account (collectively, the “Sinking Fund”), and (ii) an Excess Account (all as defined in the Bond Ordinance). All PILOT Revenues distributed to the City are deposited in the following accounts in the following order of priority and to the extent indicated below:

(a) As soon as possible upon receipt by the City of its semiannual PILOT Revenue payment, and not later than the last day of June and December, to the Bond Principal and Interest Account, an amount sufficient for the payment of (a) with respect to the interest on the Qualified Obligations the amount due on the next interest payment date, (b) the necessary fiscal agency
charges for paying the principal of and interest on the Qualified Obligations due on the next interest payment date, and (c) one half (1/2) of the principal of the Qualified Obligations payable on the next principal payment date. Such deposits will continue until the Bond Principal and Interest Account contains an amount sufficient to pay all of the Qualified Obligations then outstanding, together with the interest thereon to the dates of maturity thereof.

(b) Any remaining PILOT Revenues distributed to the City pursuant to the PILOT Act are deemed excess funds and deposited into the Excess Account for appropriation and use as permitted by law. In the event of any deficiency in the Bond Principal and Interest Account for the purposes of paying the interest on or principal of Qualified Obligations payable from PILOT Revenues in the Sinking Fund, funds may be withdrawn from the Excess Account for deposit into such Bond Principal and Interest Account in the amount of such deficiency.

In addition, the Bond Ordinance authorizes that a reserve account be established by the Qualified Entity or that a reserve account be held by the Bond Bank on behalf of the Qualified Entity to secure payment of the principal of and interest on the Qualified Obligations. The Surety Bond to be deposited in the Debt Service Reserve Fund under the Indenture to satisfy the Series 2010 F Reserve Requirement will be deemed to be held on behalf of the Qualified Entity to secure payment of the principal of and interest on the Qualified Obligations and the Series 2010 F Bonds.

All of the PILOT Revenues distributed to the City pursuant to the PILOT Act deposited into the Sinking Fund are irrevocably pledged to the payment of the principal of and interest on the Qualified Obligations. So long as the City-County Council has the authority to establish the amount of the PILOT Revenues, the City covenants and agrees that it will establish and maintain sufficient PILOT Revenues to comply with and satisfy all covenants contained in the Bond Ordinance and for the payment of the sums required to be paid into the Sinking Fund by the Bond Ordinance.

See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Bond Ordinance.”

Enforcement of Series 2010 Qualified Obligations

As owner of the Series 2010 Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entity. The Act provides that upon the sale and the delivery of 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 Series 2010 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, including Qualified Obligation Payments, which are to be received in each Fiscal Year, together with monies expected to be held in the Funds and Accounts, will at least equal the debt service on all Outstanding Bonds and Program Expenses, if any, and (ii) the Trustee determines that failure to enforce such remedies will not adversely affect the interests of Bondholders in any material way.

Further, the Qualified Entity has agreed under the Purchase Agreement for the Series 2010 Qualified Obligations to report to the Bond Bank on its compliance with certain covenants which the Qualified Entity made regarding various actions and conditions necessary to preserve the tax-exempt status of the Series 2010 F Bonds. See “TAX MATTERS.” The Bond Bank has also determined to
consult with the Qualified Entity, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity to preserve the tax-exempt status of the Series 2010 F Bonds.

The Bond Bank will monitor the compliance and consult regularly with the Qualified Entity with respect to its requirements under the Series 2010 Qualified Obligations, including the making of Qualified Obligation Payments to the Bond Bank.

**Debt Service Reserve Fund and Replenishment Thereof**

Under the Indenture, the Debt Service Reserve Fund is required to contain an amount equal to the aggregate of the Common Reserve Requirement and any Series Reserve Requirement. With respect to the Series 2010 F Bonds, a Series Reserve Account will be established in an amount equal to the maximum annual debt service of the Series 2010 F Bonds (the “Series 2010 F Reserve Requirement”). The Series 2010 F Reserve Requirement will be satisfied by the deposit in the Series Reserve Account of a Surety Bond to be issued by the Bond Insurer concurrently with the issuance of the Series 2010 F Bonds, which qualifies as a Reserve Fund Credit Instrument under the Indenture. See “SURETY BOND” herein. With respect to any Series of Additional Bonds, the Bond Bank may establish a separate Series Reserve Account or establish a Common Reserve Account.

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

1. Into the Series 2010 Reserve Account of the Debt Service Fund, the Surety Bond to satisfy the Series 2010 F Reserve Requirement with respect of the Series 2010 F Bonds required to be deposited in the Debt Service Reserve Fund by the terms of the Indenture;

2. All money required to be transferred to the Debt Service Reserve Fund from another Fund or Account under the Indenture;

3. All money appropriated by the City for replenishment of the Debt Service Reserve Fund; and

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

Pursuant to the provisions of Indiana Code 5-1.4-5, the Bond Bank has covenanted to request replenishment of the Debt Service Reserve Fund by an appropriation of the City-County Council in the event of a deficiency in the Debt Service Reserve Fund, including any amounts due and owing to the Bond Insurer. In order to maintain the Debt Service Reserve Requirement, which for the Series 2010 F Bonds is equal to the Series 2010 F Reserve Requirement, the City-County Council may annually appropriate to the Bond Bank for deposit in the Debt Service Reserve Fund a sum, certified by the Chairperson of the Bond Bank to the City-County Council, that is necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement. The Chairperson of the Bond Bank, before December 1 of each year, or within ninety (90) days of such projection, whichever is earlier, is required under the Indenture to make and deliver to the City-County Council a certificate stating the sum required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement. The Act does not create any debt or liability of the City or an obligation of the City-County Council to make any such appropriation. Although the City-County Council is not obligated to make such appropriations to replenish the Debt Service Reserve Fund, in the Bond Ordinance, the City-County Council indicated its general intention to consider such appropriation, if necessary.
APPENDIX A contains more detailed information concerning City finances, including indebtedness, and the City budget and appropriations process. See also “RISK FACTORS.”

**Additional Bonds and Additional Qualified Obligations**

Additional Bonds may be issued pursuant to a Supplemental Indenture only for the purpose of: (i) making payments into the General Account, (ii) the payment of Costs of Issuance or Program Expenses, (iii) purchasing Refunding Qualified Obligations, (iv) purchasing Additional Qualified Obligations and (v) the refunding of Bonds and related purposes as set forth under the Indenture. All Additional Bonds, other than Refunding Bonds described in the Indenture, will be issued in a principal amount sufficient, together with other available moneys, to purchase Additional Qualified Obligations and to make such deposits required by the provisions of the Act. Refunding Bonds must be issued in a principal amount sufficient, together with other available moneys, to accomplish such refunding and to make such deposits required by the Act, the Indenture and the Supplemental Indenture authorizing the Refunding Bonds. Notwithstanding the foregoing, prior to the issuance of any Additional Bonds, the Trustee, the Registrar and the Bond Bank must receive a Cash Flow Certificate for each series of bonds stating that immediately after the issuance of any series, Revenues reasonably expected to be received in each fiscal year, together with moneys expected to be held in the Funds and Accounts, will at least equal the Debt Service due on all Outstanding Bonds, except that no certificate is required for Refunding Bonds if the principal and interest requirements on the Outstanding Bonds in each fiscal year will be equal to or less than the requirements prior to the issuance of the Refunding Bonds. See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Indenture.”

Additional Qualified Obligations of the Qualified Entity may be issued for the purpose of financing the cost of additional projects so long as the following conditions precedent are met: (a) all interest and principal payments with respect to all Qualified Obligations payable from the PILOT Revenues have been paid in accordance with their terms; (b) all required deposits into the required accounts have been made in accordance with the provisions of the Bond Ordinance; (c) either: (1) the PILOT Revenues in the fiscal year immediately preceding the issuance of any Additional Qualified Obligations are not less than 125% of the maximum annual interest and principal requirements of all the then outstanding Qualified Obligations payable from the PILOT Revenues and the Additional Qualified Obligations proposed to be issued; or (2) the PILOT Revenues for the first full fiscal year immediately succeeding the issuance of any Additional Qualified Obligations are projected by a certified public accountant to be at least equal to 125% of the maximum annual interest and principal requirements of all the then outstanding Qualified Obligations payable from the PILOT Revenues and the Additional Qualified Obligations to be issued. See APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Bond Ordinance.”

Except as otherwise provided in Bond Ordinance, so long as any of the Series 2010 Qualified Obligations are outstanding, no additional bonds or other obligations pledging any portion of the PILOT Revenues shall be authorized, executed or issued by the City unless issued on a subordinate and junior basis in all respects to the Series 2010 Qualified Obligations (except where all of the Series 2010 Qualified Obligations are redeemed and retired coincidentally with the delivery of the Additional Series 2010 Qualified Obligations or funds sufficient to effect such redemption are available and set aside for that purpose at the time of issuance of the additional bonds).

**Credit Facilities and Hedge Agreements**

In connection with the issuance of any Bonds or at any time thereafter, the Bond Bank may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the principal of, premium, if any, or interest due or to become due on such Bonds, providing for the purchase
of such Bonds by the provider of a Credit Facility, or providing funds for the purchase of such Bonds by the Bond Bank. In connection therewith, the Bond Bank may enter into a Credit Facility Agreement with the provider of a Credit Facility providing for, among other things, (i) the payment of fees and expenses for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Bonds affected thereby; and (iii) the security, if any, to be provided in connection with the issuance of such Credit Facility. The Bond Bank may secure any Credit Facility by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as are specified by the Bond Bank in the applicable Supplemental Indenture.

In connection with the issuance of any Bonds or at any time thereafter, the Bond Bank may, to the extent permitted by law, enter into Hedge Agreements with Qualified Providers with respect to any Bonds. The Bond Bank shall authorize the execution, delivery, and performance of each Hedge Agreement in a Supplemental Indenture, in which it shall designate the related Hedged Bonds. The Bond Bank's obligation to make Hedge Payments may be secured by a pledge of, and lien on, the Revenues on a parity with the lien securing the related Hedged Bonds, or may be subordinated in lien and right of payment to the payment of the Hedged Bonds, as specified by the Bond Bank in a Supplemental Indenture. Amounts other than Hedge Payments due from the Bond Bank under the Hedge Agreement shall be subordinated to such lien and right of payment.

**BOND INSURANCE**

The following information has been provided by the Bond Insurer for use in this Official Statement. Neither the Bond Bank, the Qualified Entity nor the Underwriters make any representations as to the accuracy of the information contained of such information or as to the absence of material changes in such information. See “APPENDIX E—SPECIMEN BOND INSURANCE POLICY.”

**Bond Insurance Policy**


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

**Assured Guaranty Municipal Corp. (Formerly known as Financial Security Assurance Inc.)**

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. (“Holdings”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA (“Dexia”). In connection with such acquisition, Holdings’ financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the
acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the “SEC”) on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM’s financial strength is rated “AAA” (negative outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”). On February 24, 2010, Fitch, Inc. (“Fitch”), at the request of AGL, withdrew its “AA” (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

On May 17, 2010, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the “AA” (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to AGM.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010, and AGL’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).
Capitalization of AGM

At March 31, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately $2,220,015,145 and its total net unearned premium reserve was approximately $2,228,912,193 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010); and

(ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Series 2010 F Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at http://www.sec.gov, at AGL’s website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Series 2010 F Bonds or the advisability of investing in the Series 2010 F Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

SURETY BOND

With respect to the Series 2010 F Bonds, the Indenture requires the establishment of a Series Reserve Account in the Debt Service Reserve Fund in an amount equal to the Series 2010 F Reserve Requirement. The Indenture authorizes the Bond Bank to obtain a Reserve Fund Credit Instrument in place of depositing funds into the Debt Service Reserve Fund equal to the Series 2010 F Reserve Requirement. Accordingly, a commitment has been made by the Bond Insurer for the issuance of the Surety Bond, which qualifies as a Reserve Fund Credit Instrument under the Indenture, for the purpose of funding the Series Reserve Account in the Debt Service Reserve Fund applicable to the Series 2010 F Bonds. See APPENDIX C “SUMMARY
OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Indenture.” The Series 2010 F Bonds will only be delivered upon the issuance of the Surety Bond. The premium on the Surety Bond is to be fully paid at the issuance and delivery of the Series 2010 F Bonds. The Surety Bond provides that upon the later of (i) one business day after receipt by the Bond Insurer of a notice of non payment of the principal of and interest due on the Series 2010 F Bonds in a form reasonably satisfactory to the Bond Insurer or (ii) the principal or interest payment date specified in such notice of nonpayment, the Bond Insurer will deposit funds with the Trustee sufficient to enable the Trustee to make such payments due on the Series 2010 F Bonds, but in no event exceeding the Surety Bond coverage for such Series 2010 F Bonds, as defined in the Surety Bond for such Series 2010 F Bonds.

Pursuant to the terms of the Surety Bond, the Surety Bond coverage is automatically reduced to the extent of each payment made by the Bond Insurer under the terms of the Surety Bond and the Bond Bank is required to reimburse the Bond Insurer for any draws under the Surety Bond with interest at the rate set forth in the Indenture. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond coverage. The reimbursement obligation for the Bond Bank is subordinate to the Bond Bank's obligations with respect to the Series 2010 F Bonds.

In the event the amount on deposit, or credited to the Series Reserve Account applicable to the Series 2010 F Bonds, exceeds the amount of the Surety Bond for such Series Reserve Account, any draw on the Surety Bond will be made only after all the funds in the such account have been expended. In the event that the amount on deposit, or credited to the Series Reserve Account applicable to the Series 2010 F Bonds, in addition to the amount available under the Surety Bond for the such Series Reserve Account, includes amounts available under more than one Reserve Fund Credit Instrument, draws on each Reserve Fund Credit Instrument will be made on a pro rata basis to fund the insufficiency.


APPLICATION OF PROCEEDS OF THE SERIES 2010 F BONDS

Set forth below is a summary of the estimated sources and uses of the proceeds of the Series 2010 F Bonds:

<table>
<thead>
<tr>
<th>Estimated sources of funds:</th>
<th>$ 169,997,788.60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount of Series 2010 F Bonds</td>
<td>$ 159,515,000.00</td>
</tr>
<tr>
<td>Plus Net Original Issue Premium</td>
<td>10,482,788.60</td>
</tr>
<tr>
<td>Total</td>
<td>$ 169,997,788.60</td>
</tr>
</tbody>
</table>

Estimated uses of funds:

| Deposit to the Bond Issuance Expense Account(1) .............. | $ 910,953.74     |
| Deposit to the Capitalized Interest Account .................. | 13,227,539.07    |
| Deposit to Construction Account .................................. | 153,831,243.80   |
| Underwriters’ Discount ............................................... | 919,043.11       |
| Bond Insurance Policy ............................................... | 746,203.88       |
| Surety Bond Policy .................................................. | 362,805.00       |
| Total ........................................................................... | $ 169,997,788.60 |

(1) Including legal, accounting, financial advisory and printing.
OPERATION OF FUNDS AND ACCOUNTS

The Indenture creates and establishes (i) the General Fund, (ii) the Debt Service Reserve Fund and (iii) the Rebate Fund, which shall all be held, along with any Accounts and subaccounts established thereunder, by the Trustee. The Indenture also creates and establishes within the General Fund the following Accounts, each of which has separate subaccounts for the Series 2010 F Bonds:

- General Account
- Redemption Account
- Capitalized Interest Account
- Bond Issuance Expense Account
- Construction Account
- Hedge Payment Account

**General Account**

The Trustee will deposit in the General Account all payments on the Series 2010 Qualified Obligations and all income or gain on Investment Securities attributable to any Fund or Account. Moneys in the General Account of the General Fund will be disbursed as follows: (i) on the date of initial delivery of the Series 2010 F Bonds to purchase the Series 2010 Qualified Obligations pursuant to the Indenture; (ii) not later than 10:00 a.m., Indianapolis time, one business day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay principal and interest due to be paid on Outstanding Bonds on such Interest Payment Date; (iii) to make Hedge Payments, if applicable; (iv) to fund or replenish the Debt Service Reserve Fund; (v) when necessary, the reasonable Program Expenses, if any, provided they do not exceed the amounts set forth in the most recent Cash Flow Certificate, unless the excess expenses are assessed under the Purchase Agreement; (vi), upon direction of the Bond Bank, any amount necessary to make rebate payments; and (vii) after making such deposits and disbursements and after the Trustee makes a determination of the amounts of Qualified Obligation Payments reasonably expected to be received in the next 12 months, to any other fund or account maintained by the Bond Bank, all moneys in the General Fund which, together with such expected receipts for the succeeding 12 months, are in excess of the amounts needed to pay principal and interest on the Bonds for the next 12 month period, provided the Trustee has received a Cash Flow Certificate to the effect that after such transfer, Revenues expected to be received, together with moneys, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

**Redemption Account**

There will be deposited in the Redemption Account all moneys received upon the sale or optional or mandatory redemption (prior to maturity) of Qualified Obligations and all other moneys required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Account will be distributed as follows: (i) on the fifteenth day of each month, to the General Account, an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed prior to maturity, (ii) on the second business day prior to any Interest Payment Date, if amounts in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, to the General Account amounts in the Redemption Account available for such transfer and not otherwise committed under the Indenture to the redemption of Bonds for which notice of redemption has been given; and (iii) after provision has been made for the payments required under (i) and (ii) above to (a) redeem Bonds of such maturity or maturities as may be directed by an Authorized Officer, if such Bonds are then subject to redemption; (b) purchase Qualified Obligations permitted by the
Indenture; (c) to the extent there are any excess moneys in the Redemption Account, transfer to the General Account; (d) purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds will then be subject to redemption; or (e) make investments until the payment of the Series 2010 F Bonds at their maturity or maturities as directed by an Authorized Officer in accordance with the Indenture. Such price referenced in (b) above may not, however, exceed the redemption price which would be payable on the next ensuing redemption date on which the Series 2010 F Bonds so purchased are redeemable according to their terms unless a Cash Flow Certificate to the effect that such price will not result in Revenues being less than an amount equal to the debt service on all Outstanding Bonds and Program Expenses, if any. The Trustee will pay the interest accrued on any Bonds so purchased to the date of delivery thereof from the General Account the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of 60 days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption.

Capitalized Interest Account


Bond Issuance Expense Account

The Trustee will deposit $910,953.74 of the proceeds of the Series 2010 F Bonds in the Series 2010 Subaccount of the Bond Issuance Expense Account for the purpose of paying the costs associated with issuing the Series 2010 F Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the Series 2010 F Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. Any amounts remaining in the Bond Issuance Expense Account one hundred eighty (180) days after the date of issuance of the Series 2010 F Bonds will be transferred to the Series 2010 Subaccount of the Construction Account and the Series 2010 Subaccount of the Bond Issuance Expense Account may be closed at the direction of the Bond Bank.

Construction Account

The Trustee will deposit $153,831,243.80 of the proceeds of the Series 2010 F Bonds in the Series 2010 Subaccount of the Construction Account. Moneys, except as otherwise expressly provided in the Indenture, will be withdrawn from the Construction Account for the Project only upon claims approved by an Authorized Officer in the same manner that other claims against the Qualified Entity are presented and paid and pursuant to a requisition in the form required under the Indenture.

When the Project is completed and all required payments related to the Project, including all incidental expenses, have been paid or provision for payment of such expenses has been made, the Bond Bank, upon receipt of a written request of the Board of Directors of the Qualified Entity, will cause to be transferred to the Bond Fund created under the Bond Ordinance all surplus monies remaining in the Construction Account, if any, except for any monies designated by the Qualified Entity in its written request to be retained to pay unpaid costs or contingent obligations relating to the cost of the Project or to be transferred to the Renewal and Replacement Account created under the Bond Ordinance to pay for any cost of infrastructure improvements. Sums transferred to the Bond Fund shall be applied to the payment of the next principal due on the Series 2010 Qualified Obligations.
Hedge Payments Account

If the Bond Bank enters into any Hedge Agreements, on or before the Business Day preceding each payment date for Hedge Payments, if any, under any such Hedge Agreements, if executed, the Bond Bank will transfer from the appropriate subaccount of the General Account into the comparable subaccount of the Hedge Payments Account an amount which, together with any other moneys already on deposit therein and available to make such payment is not less than such Hedge Payments coming due on such payment date. Moneys in the Hedge Payments Accounts will be used solely to pay Hedge Payments under Hedge Agreements when due and payable. In the alternative, the Bond Bank may provide in the Supplemental Indenture that such Hedge Payments are subordinate to the payments on the Bonds.

Debt Service Reserve Fund

The Trustee will deposit in the Debt Service Reserve Fund all money required to be deposited therein pursuant to the Indenture, the Bond Ordinance, the Purchase Agreement, any moneys appropriated by the City to the Debt Service Reserve Fund and any other moneys directed by the Bond Bank; will invest such funds pursuant to the Indenture; and will disburse, except as otherwise provided in the Indenture, the funds held in the Debt Service Reserve Fund to the General Account, only if moneys in the General Account are insufficient to make the payments of principal and interest required to be made on such date after taking into account available funds on deposit in the General Account. Notwithstanding the foregoing, the Bond Bank may disburse moneys in the Debt Service Reserve Fund to the trustee for the Qualified Obligations to be used in accordance with the provisions of the Bond Ordinance relating to the uses of the Debt Service Reserve Account established thereunder.

The Band Bank may satisfy all or any part of its obligation to maintain an amount in the Debt Service Reserve Fund at least equal to the Debt Service Reserve Requirement by depositing a Reserve Fund Credit Instrument in the Debt Service Reserve Fund.

If, on any Interest Payment Date or Principal Payment Date on any Bonds which have a claim on an Account of the Debt Service Reserve Fund, there is not on deposit in the applicable subaccount of the General Account a sufficient amount to pay the amount of principal or interest due on the Bonds, then the Trustee will transfer into the General Account from the applicable Account of the Debt Service Reserve Fund an amount not to exceed the deficiency in the General Account on such Interest Payment Date or Principal Payment Date. If the applicable Account of the Debt Service Reserve Fund contains a Reserve Fund Credit Instrument and cash and securities, the cash and securities in the applicable Account of the Debt Service Reserve Fund must be applied to remedy any deficiency completely before any demand is made on a Reserve Fund Credit Instrument. If the applicable Account of the Debt Service Reserve Fund contains more than one Reserve Fund Credit Instrument, each Reserve Fund Credit Instrument must be drawn down on a pro rata basis. If the amount of any Account of the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement because of such a withdrawal, or as a result of an annual valuation under the Indenture, the Trustee will calculate the amount of such deficiency and then determine the monthly deposit necessary to restore the Account of the Debt Service Reserve Fund to the applicable Debt Service Reserve Requirement which will be equal to the difference between the applicable Debt Service Reserve Requirement and the amount of cash and securities and the balance available to be drawn on the applicable Reserve Fund Credit Instrument on such date divided by twelve (12). The provider of a Reserve Fund Credit Instrument which has been drawn upon may be reimbursed from amounts deposited in the applicable Account of the Debt Service Reserve Fund from the Revenues in accordance with the Indenture, including payments received for that purpose from the Qualified Entity.

Upon the issuance of the Series 2010 F Bonds, the Debt Service Reserve Requirement will be provided by the Surety Bond deposited into the Series 2010 Reserve Account of the Debt Service Reserve
Fund established for the Series 2010 F Bonds. Upon the issuance of Additional Bonds, the Bond Bank will determine, in its discretion, whether or not such Additional Bonds will have a claim for payment of principal of and interest on the Debt Service Reserve Fund or any Account thereof. If the Bond Bank determines that the Additional Bonds will have a claim for payment on the Common Reserve Account for payment of principal of and interest on those Additional Bonds, then the Bond Bank will calculate the amount of the Common Reserve Requirement to reflect the issuance of those Additional Bonds. Any resulting increase in the amount of the Common Reserve Requirement may be funded in whole or in part by the deposit of cash, a Reserve Fund Credit Instrument or through monthly deposits as described below.

If the Bond Bank determines that the Additional Bonds will not have a claim for payment on the Common Reserve Account, the Bond Bank may determine to create a Series Reserve Account for such Additional Bonds and establish a related Series Reserve Requirement. Such Series Reserve Account will be funded in an amount and manner to be set forth in a Supplemental Indenture authorizing the issuance of the Additional Bonds. In such event, such Additional Bonds will have a claim for payment on the Series Reserve Account as set forth therein.

For the purposes of establishing the amount held in the applicable Account of the Debt Service Reserve Fund, the Trustee will include an amount equal to the available principal amount which could be drawn by the Trustee on any applicable Reserve Fund Credit Instrument. Any cash held in an Account of the Debt Service Reserve Fund in excess of the applicable Debt Service Reserve Requirement will be transferred from time to time by the Trustee: (1) to the extent required pursuant to the Indenture to the Rebate Fund; (2) any remaining excess attributable to Investment Earnings in accordance with the provisions in the Bond Ordinance relating to excess investment earnings in the Reserve Account established thereunder; (3) any remaining excess attributable to funds received from the Qualified Entity pursuant to the Bond Ordinance to replace moneys, deposited in the Debt Service Reserve Fund; and (4) any other moneys in excess of the Debt Service Reserve Requirement to the General Account.

For so long as the Bond Insurance Policy remains in full force and effect, the prior written consent of the Bond Insurer will be a condition precedent to the deposit of any Credit Facility, other than the Surety Bond, provided in lieu of a cash deposit into the Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Debt Service Reserve Fund respecting the Series 2010 F Bonds will be applied solely to the payment of debt service on the Series 2010 F Bonds.

For so long as the Surety Bond remains in full force and effect, the following provisions will apply:

1. The Bond Bank will repay any draws under the Surety Bond and pay all related reasonable expenses incurred by the provider of the Surety Bond. Interest will accrue and be payable on such draws and expenses from the date of payment by provider at the Late Payment Rate. “Late Payment Rate” means the lesser of: (a) the greater of: (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank (“Chase”) at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3%; and (ii) the then applicable highest rate of interest on the Series 2010 F Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event Chase ceases to announce its Prime Rate publicly, Prime Rate will be the publicly announced prime or base lending rate of such national bank as the provider will specify.
(2) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Policy Costs”) will commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(3) Amounts in respect of Policy Costs paid to the provider of the Series 2010 Surety Bond will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to such provider on account of principal due, the coverage under the Series 2010 Surety Bond will be increased by a like amount, subject to the terms of the Series 2010 Surety Bond.

(4) All cash and investments in the Debt Service Reserve Fund allocated to the Series 2010 F Bonds will be transferred to the General Account for payment of debt service on the Series 2010 F Bonds before any drawing may be made on the Series 2010 Surety Bond or any other Credit Facility credited to the Debt Service Reserve Fund in lieu of cash. Payment of any Policy Costs will be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2010 Surety Bond) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Debt Service Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities will be made on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve Fund.

If the Bond Bank will fail to pay any Policy Costs in accordance with the requirements of clause (1) above, the provider of the Surety Bond will be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder, other than: (i) acceleration of the maturity of the Series 2010 F Bonds; or (ii) remedies which would adversely affect owners of the Series 2010 F Bonds.

The Indenture will not be discharged until all Policy Costs owing to the provider of the Surety Bond will have been paid in full. The Bond Bank’s obligation to pay such amounts will expressly survive payment in full of the Series 2010 F Bonds.

In order to secure the Bond Bank’s payment obligations with respect to the Policy Costs there will be granted and perfected in favor of the provider of the Surety Bond a security interest (subordinate only to that of the owners of the Series 2010 F Bonds) in the Trust Estate.

The Trustee will ascertain the necessity for a claim upon the Surety Bond and to provide notice to the provider of the Surety Bond in accordance with the terms of the Surety Bond at least five business days prior to each date upon which interest or principal is due on the Series 2010 F Bonds. See “SURETY BOND.”

If a deficiency in the Debt Service Reserve Fund is projected by Bond Bank in the next succeeding Fiscal Year, the Chairperson of the Bond Bank will certify such projected deficiency or depletion to the City-County Council on or before December 1 of the Fiscal Year in which the deficiency is projected to occur or within 90 days of such projection, whichever is earlier. The Bond Bank will take all actions required or allowed by the Act to certify to the City-County Council any deficiency in the Debt Service Reserve Fund, regardless of whether such deficiency was projected by the Bond Bank. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS—Debt Service Reserve Fund and the Replenishment Thereof.”
Rebate Fund

The Rebate Fund will be established to comply with the provisions of Section 148 of the Code concerning the rebate of certain arbitrage earnings to the United States of America. Deposits into the Rebate Fund and disbursements from the Rebate Fund will be made as provided by the Indenture and as required by federal tax law applicable to the Series 2010 F 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.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Series 2010 F Bonds outstanding under the Indenture, including rebate owed to the United States of America and the fees, charges and expenses of the Trustee will be distributed to the Bond Bank.

Investment of Funds

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

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal. In the absence of such direction, the Trustee will invest moneys in the Wells Fargo Advantage Money Market Funds or such similar or successor funds thereto which invests in Investment Securities. Any moneys in the Redemption Account shall be invested only in Government Obligations as directed by the Bond Bank and any moneys in the Rebate Fund shall be invested as directed by the Bond Bank from time to time.

All such investments will at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and all Investment Earnings on such investments will be deposited in the General Account except for (a) income and profits on investment of funds in the Rebate Fund which will remain in the Rebate Fund and (b) Investment Earnings on investment of funds in the Debt Service Reserve Fund which will remain in the respective Accounts of the Debt Service Reserve Fund until the balance of such Fund or Account equals the Debt Service Reserve Requirement from time to time and thereafter be retained or disbursed as provided in the Indenture. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit. Any investment losses shall be charged to the Fund or Account (including the Rebate Funds) in which moneys used to purchase such investment had been deposited. So long as the Trustee is in compliance with the Indenture, the Trustee will not be liable for any investment losses. Moneys in any Fund or Account (including the Rebate Funds) shall be invested in Investment Securities with a maturity date, or a redemption date determined by the owner of the Investment Securities at that owner's option, which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts (including the Rebate Funds) will be required for the purposes thereof. The Trustee shall sell and reduce to cash a sufficient amount of such
investments in the respective Fund or Account (including the Rebate Funds) whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid.

For additional information on the operation of Funds and Accounts under the Indenture see APPENDIX C “SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS—The Indenture.”

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT 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 buying 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 and their principal occupations are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Term Expires</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Briane M. House</td>
<td>Chairperson</td>
<td>April 30, 2012</td>
<td>Attorney</td>
</tr>
<tr>
<td>E. Sahara Williams</td>
<td>Vice Chairperson</td>
<td>April 30, 2012</td>
<td>Business Owner</td>
</tr>
<tr>
<td>Fred Miller</td>
<td>Member</td>
<td>April 30, 2012</td>
<td>Attorney</td>
</tr>
<tr>
<td>Justin P. Christian</td>
<td>Member</td>
<td>April 30, 2012</td>
<td>Business Owner</td>
</tr>
<tr>
<td>James S. Carr</td>
<td>Member</td>
<td>April 30, 2012</td>
<td>Commercial Banker</td>
</tr>
</tbody>
</table>

Bond Bank Management

Deron S. Kintner was appointed the Executive Director and General Counsel of the Bond Bank on March 15, 2010. Mr. Kintner previously served as Deputy Executive Director and General Counsel to the Bond Bank for approximately 2 years. Mr. Kintner holds a B.S. degree and J.D. from Indiana University - Bloomington. Prior to joining the Bond Bank, Mr. Kintner worked as an attorney at the Indianapolis law firm of Bingham McHale LLP from 2001-2008, where his practice focused primarily in the area of public finance.
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 before joining the Bond Bank. He holds a B.S. from Marian College.

Dario Requiz joined the Bond Bank as a Project Manager in February 2008 and was promoted to Senior Project Manager in 2009. Mr. Requiz achieved an Accounting degree from Universidad Católica Andres Bello, Caracas, Venezuela and he is currently working towards an M.S.A. at Indiana University - Indianapolis. Prior to joining the Bond Bank, Mr. Requiz worked as an accountant, as well as working for two years as an Auditor for KPMG, Caracas, Venezuela.

Isaiah Kuch joined the Bond Bank as a Project Manager in 2010. He received his Bachelor’s degree in Economics from La Salle University in Philadelphia, Pennsylvania in 2007, shortly after he entered the United States through The Lost Boys of Sudan Program. While at La Salle, he also minored in Business Administration. After his undergraduate studies, Mr. Kuch won a full scholarship to Indiana University, School of Public and Environmental Affairs (SPEA) where he received his Master’s degree in Public Financial Administration, Economic Development, and Policy Analysis. During his tenure at SPEA, as the Eads Fellow and the City of Indianapolis Urban Fellow, he worked at the Mayor’s Office of Enterprise Development.

Other Programs; Outstanding Obligations

Under the Act, the Bond Bank is authorized to issue other series of notes or bonds to finances different programs to accomplish its purposes. Under separate trust indentures and other instruments authorized under the Act, the Bond Bank previously issued and had outstanding as of July 1, 2010 an aggregate long-term principal amount of approximately $4,563,011,831 in separate program obligations (which amount does not include the Series 2010 F 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 2010 F Bonds. In addition, the Bond Bank may issue other obligations prior to the issuance of the Series 2010 F 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.

AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

In accordance with the provisions of the SEC Rule (as defined below), on July 21, 2010, the City filed with the Municipal Securities Rulemaking Board (“MSRB”), through its electronic municipal market access (“EMMA”) system, the Comprehensive Annual Financial Report of the City for the year ended December 31, 2009 (the “CAFR”). There is hereby included in this Official Statement by this reference the information contained in the CAFR, which information should be read in its entirety in conjunction with this Official Statement.

Copies of the CAFR may be obtained from the MSRB through its EMMA system pursuant to their usual procedures and at their prescribed rates.

No financial reports related to the Qualified Entity are prepared on an interim basis and there can be no assurance that there have not been material changes in the financial position of the Qualified Entity since the date of the most recent available CAFR. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent CAFR, any authorizing or governing instruments defining the rights of owners of the Series 2010 F Bonds or the owners of the Series 2010 Qualified Obligations and available financial and statistical information relating to the Bond Bank and the Qualified Entity. Requests for documents and payments therefore should be directed and payable to Mr. Deron S. Kintner, Executive Director, The Indianapolis
CONTINUING DISCLOSURE

The Bond Bank will execute and the City and the Sanitary District will acknowledge and agree to comply with a continuing disclosure agreement on the Closing Date (the “Disclosure Agreement”). The Disclosure Agreement will be executed for the benefit of the beneficial owners of the Series 2010 F Bonds. The Disclosure Agreement will provide that so long as the Series 2010 F Bonds remain outstanding, the Bond Bank, the City and the Sanitary District will provide annually certain financial information and operating data and will provide notice of certain material events to MSRB through its EMMA system for municipal securities disclosure, the Nationally Recognized Municipal Securities Information Repository (“NRMSIRs”) approved in accordance with the Rule and effective as of July 1, 2009, in compliance with the Disclosure Agreement. The form of the Disclosure Agreement is attached hereto as APPENDIX D “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

Except as herein provided, in the previous five years the Bond Bank has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “SEC Rule”).

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 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. With respect to the CAFR and other annual financial information for fiscal years 2006 and 2007, the City and County were delayed in filing such CAFR and other annual financial information beyond 210 days after the close of each respective fiscal year. However, such information was filed on October, 8, 2007 and November 6, 2008, respectively, and the City and the County notified each of the NRMSIRs and the MSRB in advance of the delay in filing.

RATINGS

Moody’s Investors Service (“Moody’s”) and Standard and Poor’s Ratings Group, a division of McGraw-Hill (“S&P), are expected to assign ratings of “Aa3” (negative outlook) and “AAA” (negative outlook), respectively, to the Series 2010 F Bonds based upon the issuance of the Bond Insurance Policy by AGM at the time of delivery of the Series 2010 F Bonds. Such ratings are conditional upon the issuance of the Bond Insurance Policy. Moody’s and S&P have assigned long term ratings, without consideration of the Bond Insurance Policy or other credit enhancement, of “Aa2” and “AA”, respectively, to the Series 2010 F Bonds. These ratings reflect only the view of Moody’s and S&P. An explanation of the ratings may be obtained from Moody’s at 99 Church Street, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10004.
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 2010 F Bonds. Other than the reporting obligation of the Bond Bank pursuant to the Disclosure Agreement, the Bond Bank and the City have not undertaken any responsibility to bring to the attention of the owners of the Series 2010 F Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Series 2010 F Bonds any proposed revision or withdrawal of any rating of the Series 2010 F Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of rating may have an adverse effect on the market price or marketability of the Series 2010 F Bonds.

UNDERWRITING

The Series 2010 F Bonds are being sold to Citigroup Global Markets Inc., on behalf of itself and as representative of the underwriters (the “Underwriters”) pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) with the Bond Bank. The Underwriters have agreed to purchase the Series 2010 F Bonds at an aggregate purchase price of $169,078,745.49 which represents the par amounts thereof set forth on the inside cover hereof, plus original issue premium of $10,482,788.60, and less an underwriting fee of $919,043.11. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2010 F Bonds if any are purchased.

The Underwriters have agreed to make a bona fide public offering of all of the Series 2010 F Bonds at prices not in excess of the initial public offering prices set forth or reflected on the inside cover page of this Official Statement. The Underwriters may sell the Series 2010 F Bonds to certain dealers (including dealers depositing Series 2010 F Bonds into investments trusts) and others at prices lower than the offering prices set forth or reflected on the inside cover hereof. The initial offering price may be changed from time to time by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., one of the Underwriters of the Series 2010 F Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2010 F Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

CERTAIN RELATIONSHIPS

Wells Fargo Bank, National Association is serving as both an Underwriter and Trustee for the Series 2010 F Bonds.
VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of certain mathematical computations showing that the Qualified Obligation Payments of the Series 2010 Qualified Obligations have been structured to be sufficient to pay principal of and interest on the related Series 2010 F Bonds when due will be verified by Crowe Horwath LLP, certified public accountants. Such verification shall be based upon certain information supplied by the Bond Bank and the Underwriters.

FINANCIAL ADVISOR

Crowe Horwath LLP, Indianapolis, Indiana ("Crowe Horwath") has served as financial advisor to the City and the Bond Bank with respect to the sale of the Series 2010 F Bonds. As financial advisor, Crowe Horwath has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Series 2010 F Bonds. In its role of financial advisor to the Bond Bank and the City, Crowe Horwath has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement, except for certain selected tables on the Qualified Entity under the subheading “The City of Indianapolis and Marion County” in Appendix A.

Sycamore Advisors LLC has served as financial advisor to the Sanitary District of Indianapolis, Indiana in connection with the sale of the Series 2010 F Bonds. In its role as financial advisor to the Sanitary District it has not undertaken to independently verify or assume accuracy for the information in this Official Statement, except for the information set forth in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS—The Qualified Entity (the City) and the Sanitary District,” in Table II and in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS—Security for the Qualified Obligations” and certain information appearing in “RISK FACTORS—Risks Related to the Wastewater System” of this Official Statement and information on “The City of Indianapolis and Marion County” and “The Sanitary District” contained in Appendix A.

TAX MATTERS

In the opinion of Baker & Daniels LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana, together, Co-Bond Counsel, under law existing and in effect on the date of such opinion, and assuming continuing compliance by the Bond Bank and the Qualified Entity with the Tax Covenants (as hereinafter defined), the interest on the Series 2010 F Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, as amended and as in effect on the date of delivery of the Series 2010 F Bonds. In the opinion of Co-Bond Counsel, interest on the Series 2010 F Bonds is exempt from taxation in the State of Indiana for all purposes except the State financial institutions tax and the State inheritance tax. The form of opinion that Co-Bond Counsel proposes to render upon the delivery of the Series 2010 F Bonds is attached as Appendix B hereto.

As amended by the Tax Reform Act of 1986, the Code prescribes a number of qualifications and conditions, including continuing issuer compliance, for the interest on state and local government obligations to be and remain excludable from gross income for federal income tax purposes. The Bond Bank and the Qualified Entity have made certain covenants (the “Tax Covenants”) not to take any action or to fail to take any action with respect to the proceeds of the Series 2010 F Bonds or any investment earnings thereon which would result in constituting the Series 2010 F Bonds as “arbitrage bonds” under the Code or would otherwise cause the interest on the Series 2010 F Bonds to cease to be excludable from gross income for purposes of Federal income taxation. The Bond Bank and the Qualified Entity shall comply with the arbitrage rebate requirements under Section 148 of the Code to the extent applicable with respect to the Series 2010 F Bonds. Noncompliance with the foregoing Tax Covenants may cause the
interest on the Series 2010 F Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010 F Bonds.

The interest on the Series 2010 F Bonds is not an item of tax preference for purposes of the federal alternative minimum tax that may be imposed under the Code on individuals and corporations and is not taken into account in determining the “adjusted current earnings” for purposes of computing the alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Series 2010 F Bonds may otherwise affect a Bondholder's federal income tax or state tax liability; however, the nature and extent of such tax consequences will depend upon a Bondholder's particular tax status and such Bondholder's other items of income or deduction. The taxpayers who may be affected by such other consequences include, without limitation, S corporations, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations.

No provision has been made for redemption of the Series 2010 F Bonds, or for an increase in the interest rate on the Series 2010 F Bonds, in the event that interest on the Series 2010 F Bonds becomes subject to federal income taxation.

The foregoing does not purport to be a comprehensive discussion of the tax consequences of owning the Series 2010 F Bonds. Prospective owners of the Series 2010 F Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2010 F Bonds.

**ORIGINAL ISSUE DISCOUNT**

The initial public offering prices of the Series 2010 F Bonds maturing on January 1, 2022, and bearing interest at 3.250%, January 1, 2023, and bearing interest at 3.500%, January 1, 2024, and bearing interest at 3.600%, January 1, 2025, and bearing interest at 3.700%, January 1, 2026, and bearing interest at 3.750%, January 1, 2028, and bearing interest at 4.000%, January 1, 2029, and bearing interest at 4.000%, and January 1, 2030, and bearing interest at 4.125% (collectively, the “Discount Bonds”), are less than the principal amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering prices of the Discount Bonds, as set forth on the inside cover of this Official Statement (assuming each is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amounts payable at maturity of the Discount Bonds will be treated as “original issue discount.” A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates).

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

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

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

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

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

AMORTIZABLE BOND PREMIUM

The initial offering prices of the Series 2010 F Bonds maturing on January 1, 2019, and bearing interest at 5.000%, January 1, 2020, and bearing interest at 5.000%, January 1, 2021, and bearing interest at 5.000%, January 1, 2022, and bearing interest at 5.000%, January 1, 2023, and bearing interest at 5.000%, January 1, 2024, and bearing interest at 5.000%, January 1, 2025, and bearing interest at 5.000%, January 1, 2026, and bearing interest at 5.000%, January 1, 2027, and bearing interest at 5.000%, January 1, 2028, and bearing interest at 5.000%, January 1, 2029, and bearing interest at 5.000%, January 1, 2030, and bearing interest at 5.000%, January 1, 2035, and bearing interest at 5.000%, January 1, 2040, and bearing interest at 5.000% (collectively, the “Premium Bonds”), are greater than the principal amount payable at maturity (or earlier call date). As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). 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 amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of 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.

RISK FACTORS

Purchasers of the Bonds are advised of certain risk factors with respect to the delivery and payment of the Series 2010 Qualified Obligations by the Qualified Entity, and delivery and payment of the Bonds. This discussion is not intended to be all-inclusive, and other risks may also be present.

Sources of Payment for the Bonds

The ability of the Bond Bank to pay principal of, and interest on, the Bonds depends upon the receipt by the Bond Bank of payments pursuant to the Series 2010 Qualified Obligations, including interest at the rates provided therein, from the Qualified Entity which is obligated to make such payments to the Bond Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments.

The principal sources of payment of the Series 2010 Qualified Obligations by the Qualified Entity are the PILOT Revenues and the QE Reserve Account for the Series 2010 Qualified Obligations. Except for the Qualified Obligation Payments and the Debt Service Reserve Fund, there is no source of funds available to make up for any deficiencies in the event of one or more defaults by the Qualified Entity in such payments on the Series 2010 Qualified Obligations. There can be no representation or assurance that the Qualified Entity will receive sufficient PILOT Revenues or otherwise have sufficient funds available to make its required payments on the Series 2010 Qualified Obligations. PILOT Revenues may be affected by, among other things, (1) reassessment of Tangible Property which may result in a lower tax rate and a reduction in the maximum assessment by the County Assessor or (2) the financial inability of the Sanitary District, or upon consummation of the Proposed Acquisition, CWA, to pay the PILOTs. For a description of procedures for providing for the payment of Series 2010 Qualified Obligations, see the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 F BONDS—Security for the Series 2010 Qualified Obligations” and “—Enforcement of Series 2010 Qualified Obligations.”

In the case of the Sanitary District’s failure to make PILOT payments as required, the City may pursue its legal remedies under the Bond Ordinance and, in the case of CWA’s failure to make such PILOT payments, the City may pursue its legal remedies under both the Bond Ordinance and the Asset Purchase Agreement between the Sanitary District, Citizens Energy Group and CWA.

Failure to Appropriate Funds to Restore the Debt Service Reserve Fund

The Bond Bank will maintain a debt service reserve for the Series 2010 F Bonds and the provisions of Indiana Code 5-1.4-5 apply to the Series 2010 F Bonds. Indiana Code 5-1.4-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairperson of the Bond Bank must certify the amount of such a deficiency to the City-County Council for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

The City-County Council may determine to appropriate funds to the extent of any deficiency in the Debt Service Reserve Fund. However, the City-County Council is not and cannot be obligated to appropriate any such funds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Reserve Fund and Replenishment Thereof” herein.
Bond Insurance Risk Factors

The Bond Bank has purchased a bond insurance policy to guarantee the scheduled payment of principal and interest on the Series 2010 F Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Series 2010 F Bonds when all or some becomes due, any owner of the Series 2010 F Bonds shall have a claim under the Bond Insurance Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Bond Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2010 F Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Bond Bank unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Bond Insurance Policy, the Series 2010 F Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Series 2010 F Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2010 F Bonds or the marketability (liquidity) for the Series 2010 F Bonds.

The long-term ratings on the Series 2010 F Bonds attributable to the Bond Insurer are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Series 2010 F Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2010 F Bonds or the marketability (liquidity) for the Series 2010 F Bonds. See “RATINGS” herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Bond Bank or Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Bond Bank to pay principal and interest on the Series 2010 F Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Bond Insurer and
the Bond Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Tax Status

The Bond Bank has covenanted under the Indenture to take all qualifying actions and not to fail to take any qualifying actions that would result in the loss of the exclusion from gross income for federal tax purposes of interest on any of the Series 2010 F Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2010 F Bonds and any applicable regulations promulgated thereunder (the “Code”), nor will the Bond Bank act in any other manner which would adversely affect such exclusion; and it will not make any investment or do any other act or thing during the period that the Series 2010 F Bonds are Outstanding which would cause any of the Series 2010 F Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the Series 2010 F Bonds. Failure by the Bond Bank to comply with such covenants could cause the interest on the Bonds to be taxable retroactive to the date of issuance. Also, in connection with the purchase of the Series 2010 Qualified Obligations, the Bond Bank will receive an opinion of Co-Bond Counsel, to the effect that, conditioned upon continuing compliance by the applicable Qualified Entity with certain covenants made in connection with the issuance of the Series 2010 Qualified Obligations, the interest on the Series 2010 Qualified Obligations is excludable from the gross income of the holder thereof for federal income tax purposes under existing statutes, decisions, regulations and rulings. However, the interest on such Series 2010 Qualified Obligations could become taxable if Qualified Entity fails to comply with certain of such covenants, including, without limitation, the covenant to rebate or cause to be rebated, if necessary, to the United States government all arbitrage earnings with respect to the Series 2010 Qualified Obligations under certain circumstances and the covenant to take all actions and to refrain from such actions as may be necessary to prevent such Series 2010 Qualified Obligations from being deemed to be "private activity bonds" under the Code. Such an event could in turn adversely affect the exempt status of the interest on all of the Bonds retroactive to the date of issuance. See "TAX MATTERS" herein.

Limited Remedies

The remedies available to the Trustee, to the Bond Bank or to the owners of the Bonds upon the occurrence of an Event of Default under the Indenture or under the terms of any of the Series 2010 Qualified Obligations purchased by the Bond Bank and the Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Purchase Agreement and the Series 2010 Qualified Obligations may not be readily available or may be limited.

Risks Related to the Proposed Acquisition

The Asset Purchase Agreement for the acquisition of the Wastewater System by CWA contemplates that CWA will assume responsibility for payment of the PILOTs upon transfer of the Wastewater System assets. If the Proposed Acquisition closes, certain conditions related to the Wastewater System may change, including, but not limited to, its outstanding debt obligations. Neither the Bond Bank nor the City can guarantee the effect these changes may have on the payment of PILOTs. Further, if the Proposed Acquisition is not consummated, the City may seek other alternatives for the operations and management of the Wastewater System. The specifics of such alternative transaction are not currently known, however the City intends for any such transaction to be conditioned on assumption by the counterparty of the obligation to pay the PILOTs.
Risks Related to the Wastewater System

The Sanitary District is subject to numerous federal and State regulatory requirements. Those regulations are subject to change at any time. The City has entered into a Consent Decree with the United States EPA, the United States Department of Justice and the IDEM approving the City’s LTCP to reduce the number of CSO events affecting the City’s waterways. Compliance with the Consent Decree and implementation of the LTCP are dependent upon future acts of the City and the LTCP is premised upon a revision to the State’s water quality standards, the occurrence of neither of which can be guaranteed. If the State’s water quality standards are not revised to be consistent with the approved LTCP, the City may not be in compliance with its NPDES permits even if it implements all of the requirements of the Consent Decree. Failure to comply with the Consent Decree could lead to significant penalties and fines imposed on and levied against the City, which typically accrue per violation for each day of the City’s violations, and could have a material adverse effect on the City and the Sanitary District, including the availability of net revenues to pay PILOTs, and could ultimately negatively impact the ability of the Bond Bank to pay debt service on the Series 2010 F Bonds.

A significant number of capital improvements to the Sanitary District are required in order for the Board of Public Works to continue to comply with environmental and other regulatory requirements, including the Long Term Control Plan (the “LTCP”) and the Consent Decree (as defined and described in APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District”). The Sanitary District estimates capital improvements in the amount of approximately $1.4 billion dollars (in 2004 dollars) will need to be made through 2025 to comply with current regulatory requirements, including the LTCP and the Consent Decree requirements. In addition to the LTCP and the Consent Decree projects, the Sanitary District’s capital improvement plan contains other capital projects, including STEP projects, plant rehabilitation and expansion projects. See APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District.” The Sanitary District currently expects to finance planned capital needs through the proceeds of previously issued bonds and the issuance of additional debt, revenues generated from the Wastewater System, funds on hand, federal funds and other grant monies. In the event the Sanitary District determines to finance capital improvements through the issuance of additional debt, such debt must be approved by the Board of Public Works and the City-County Council. Additional increases to rates and charges approved by the Board of Public Works and the City-County Council will be required to cover the increase to debt service costs of the Sanitary District from such additional debt. The issuance of additional debt could result in lower debt service coverage or insufficient net revenues to pay the PILOTs. Further, a successful legal objection to a new capital project could prevent its completion.

The Manager of the Sanitary District (as described in Appendix A hereto) has responsibility for virtually all of the management and operational functions of the Wastewater System, and, accordingly, the material failure of Manager to effectively operate and maintain the Wastewater System could negatively impact the ability of the Sanitary District to pay the PILOTs, and ultimately negatively impact the ability of the Bond Bank to pay debt service on the Series 2010 F Bonds. The insolvency or bankruptcy of Manager, or any future manager of the Wastewater System (the “Future Manager”) could also adversely impact the ability of Manager or Future Manager to effectively operate and maintain the Wastewater System. Although the Sanitary District has, and will continue to have, the right to terminate the Management Agreements and could enter into a new management agreement with a different entity in the event of a insolvency or bankruptcy of Manager or Future Manager, such termination and transition would likely have a negative impact on the overall operation and management of the Wastewater System. See APPENDIX A “THE QUALIFIED ENTITY AND THE SANITARY DISTRICT—The Sanitary District.”
Forward-Looking Statements

This Official Statement and its appendices, contain statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and those differences could negatively impact the availability of net revenues to pay debt service on Series 2010 Qualified Obligations, and ultimately could negatively impact the ability of the Bond Bank to pay debt service on the Series 2010 F Bonds.

LITIGATION

Bond Bank

Upon delivery of the Series 2010 F Bonds, an authorized officer of the Bond Bank will certify that no litigation or proceeding is pending or, to the best of the Bond Bank’s knowledge, threatened in any court, agency or other administrative body against the Bond Bank seeking to restrain or contest the issuance, sale, execution or delivery of the Series 2010 F Bonds, affecting the security pledged under the Indenture or in any way affecting the validity of any provision of the Series 2010 F Bonds, the resolution authorizing the Series 2010 F Bonds, the Indenture, the Bond Purchase Agreement, or the pledges or applications of any money or securities provided for the payment of the Series 2010 F Bonds or contesting the creation, organization or existence of the Bond Bank, or the title of any of the members or other officers of the Bond Bank to their respective offices.

Qualified Entity

Upon the issuance of the Series 2010 Qualified Obligations, an authorized officer of the Qualified Entity will certify with respect to the Qualified Entity that no litigation or proceeding is pending or, to the best of the Qualified Entity’s knowledge, threatened, in any court, agency or other administrative body against the Qualified Entity seeking to restrain or contest the issuance, sale, execution or delivery of the Series 2010 Qualified Obligations, affecting the security pledged under the Bond Ordinance, or any proceedings of the Qualified Entity taken with respect to its Series 2010 Qualified Obligations or the application of any moneys or security provided for the payment of the Series 2010 Qualified Obligations, or in any way contesting or affecting the validity of the PILOTs, the Series 2010 Qualified Obligations, the Bond Ordinance or the Purchase Agreement.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2010 F 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.

The remedies available (i) to the Trustee or the holders of the Series 2010 F Bonds upon a default under the Indenture, (ii) to the Trustee or the Bond Bank under the Series 2010 Qualified Obligations, the
Purchase Agreement and the Bond Ordinance or (iii) to any party seeking to enforce the pledges securing the Series 2010 F Bonds or the Series 2010 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 Agreement, the Series 2010 Qualified Obligations, and the Bond Ordinance, or to any party seeking to enforce the Pledges may not be readily available or may be limited. Under federal and State environmental laws, certain liens may be imposed on property of the Bond Bank or the Qualified Entity from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the Qualified Obligation Payments pledged to owners of the Series 2010 F Bonds under the Indenture or over the liens pledged to the owner of the Series 2010 Qualified Obligations under the Bond Ordinance.

The various legal opinions to be delivered concurrently with the delivery of the Series 2010 F 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) in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Purchase Agreement, the Bond Ordinance and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2010 F Bonds are subject to the approval of Baker & Daniels LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana, together Co-Bond Counsel, whose approving legal opinion will be delivered with the Series 2010 F Bonds, substantially in the form annexed hereto as APPENDIX B “Form of Opinion of Co-Bond Counsel.” Baker & Daniels LLP has served as Bond Counsel to the Qualified Entity. Certain legal matters will be passed on for the Bond Bank by its General Counsel, for the Qualified Entity and the Sanitary District by the Corporation Counsel to the City and for the Underwriters by their counsel, Mayer Brown LLP, Chicago, Illinois.

THE SERIES 2010 F 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, including the Series 2010 F Bonds.

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 2010 F Bonds or in any way impair the rights or remedies of the owners of the Series 2010 F Bonds for so long as the Series 2010 F Bonds are outstanding.
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 2010 F Bonds, the security for the payment of the Series 2010 F 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 2010 F 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 2010 F 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 Qualified Entity, the Trustee or the Underwriters and the purchasers or owners of any Series 2010 F 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/ Briane M. House
Briane M. House, Chairperson
APPENDIX A

THE QUALIFIED ENTITY AND THE SANITARY DISTRICT
THE CITY OF INDIANAPOLIS AND MARION COUNTY

Governance

The City is a municipal corporation located in Marion County, Indiana (the “County”). It is the largest city in the State and the fourteenth 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, although the municipalities of Beech Grove, Lawrence, Speedway and Southport were excluded.

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and has extensive appointment powers, including the right to name Deputy Mayors, Department heads and many board and commission members. The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City. The Mayor controls the major administrative functions through six departments as follows: Code Enforcement, Metropolitan Development, Parks and Recreation, Public Works, Public Safety, and Waterworks.

The legislative body of the City and the County is the City-County Council. The City-County Council approves the annual budget and any tax levies for the City, the Qualified Entity and other special taxing districts of the City and the County. The City-County Council also is empowered to adopt or to review and modify the budgets and tax levies of certain other municipal corporations located within the County. The City-County Council is required to approve the issuance of additional debt of the Qualified Entity. In addition, the City-County Council is required to approve any increases to fees charged by the Qualified Entity.

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2009 is included as available from the MSRB through its EMMA system. See “AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION” in the Official Statement. Certain recent developments regarding the City’s finances are described below.

Recent Developments Regarding City and County Finances

Governmental Consolidation

As permitted by State statute, the City continues to aggressively pursue voluntary consolidation of Township Fire Departments with the Indianapolis Fire Department. Four townships, Washington, Warren, Perry and Franklin Township, have agreed to merge their respective fire departments with the Indianapolis Fire Department. The City’s administration believes that full consolidation of all fire departments could provide significant long term savings to the City, County and townships and to the property taxpayers of Marion County. During the 2010 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

House Enrolled Act 1001-2008 (“HEA 1001”), recently enacted by the Indiana General Assembly and signed into law by the Governor, changes the funding of the City’s pension obligation for
police and firefighters hired before April 30, 1977 (pre-1977 plan) to State provided revenues rather than City generated revenues. HEA 1001 shifted the pension obligation funding from the City to the State. In exchange, the state required a reduction of the City’s maximum property tax levy. The net effect of the changes enacted through HEA 1001 will hold the City’s financial position harmless.

The City continues to fund its required contribution for those police and firefighters hired after April 30, 1977 (post-1977 plan). In 2010, the City contributes twenty-two and one half percent (22.5%) of base salary, defined as the salary of a first class police officer or firefighter with twenty (20) years experience. Participants contribute three percent (3%).

State statute regulates the operations of the system, including benefits, vesting and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The post-1977 plan also provides for certain death and disability benefits.

Property Tax Circuit Breakers

HEA 1001-2008 enacted major property tax reform in the form of capping property tax liability to a percentage of the Gross Assessed Value (GAV) of property. For homestead property, the maximum property tax liability is capped at 1% of the GAV. For other residential property, the property tax liability is capped at 1.5% of GAV and for commercial and industrial property the property tax liability is capped at 2% of the GAV. This capping of property tax liability has resulted in the loss of property tax revenues to all local units of government within Marion County. For 2010, the projected loss revenue is $80 million (approximately 8% of the property tax revenues). For the City and the County, the projected loss is $26.7 million. The 2010 City/County balanced budget projected a circuit breaker impact of $28.9 million ($2.2 million more than most recent projections). In other words, the City’s 2010 balanced budget has a more conservative impact built into its balanced budget which provides an additional cushion of $2.2 million to the City’s budget.

Budget Matters

The Controller of the Consolidated City of Indianapolis, Marion County, as required by Municipal Code, prepares a monthly status update on agency and department budgets in order to track the financial health of the City and identify areas that need additional review and analysis. The monthly financial reviews will allow for a month to month tracking of City spending and revenues to better determine the overall financial status of the City and the future fiscal condition.

The Office of Finance and Management (OFM) is currently preparing for the 2011 fiscal year budget development. The Mayor will present his proposed 2011 Budget to the City-County Council on August 23, 2010. The City-County Council will then hold hearings in September and October with a final vote of the Council occurring prior to October 31, 2010.

OFM will be working with the City agencies and departments to insure that a balanced budget is prepared and presented for 2011. City agencies and departments will be asked to develop their 2011 budgets within the 95% funding level from the previous year.

Economics and Demographics

Indianapolis is Indiana’s largest city and is also the State’s capital. Since 1990, Indianapolis has experienced consistent population growth, increasing from approximately 731,327 persons in 1990 to 807,584 in the 2009 U.S. Census estimate, or 10.4% during the period. Located at roughly the geographic
center of the State, Indianapolis is the crossroads for more major interstate highways than any other city in the United States.

**Population**

<table>
<thead>
<tr>
<th></th>
<th>City of Indianapolis</th>
<th>Marion County</th>
<th>Indiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>807,584</td>
<td>890,879</td>
<td>6,423,113</td>
</tr>
<tr>
<td>2000</td>
<td>781,870</td>
<td>860,454</td>
<td>6,080,485</td>
</tr>
<tr>
<td>1990</td>
<td>731,327</td>
<td>797,159</td>
<td>5,544,159</td>
</tr>
<tr>
<td>1980</td>
<td>700,807</td>
<td>765,233</td>
<td>5,490,224</td>
</tr>
<tr>
<td>1970</td>
<td>736,856</td>
<td>793,769</td>
<td>5,195,392</td>
</tr>
<tr>
<td>1960</td>
<td>476,258</td>
<td>697,567</td>
<td>4,662,498</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau.

Indianapolis historically has had a comparable rate of growth for per capita income as the State and national averages. Between 2000 and the 2006-2008 American Community Survey (ACS) 3-Year Estimate, Indianapolis per capita income grew 17.19%, versus 20.74% for Indiana and 27.23% for the United States based on Census data. Per capita income in Indianapolis reached $25,360 in the 2006-2008 ACS, while the State’s average was $24,627 and the United States average was $27,466. Although manufacturing is an important source of high wage jobs, especially in the pharmaceutical and automotive sectors, Indianapolis has a diverse economic base, as shown in the table below. Education and Health Care is the largest single sector of employment with over 85,000 employees, while Professional, Scientific, Management, Administrative and Waste Management Service sector is the second leading source of jobs in the county with almost 51,000 employees.

**Employment**

Employment as of May, 2010

<table>
<thead>
<tr>
<th></th>
<th>Indiana</th>
<th>Marion County</th>
<th>% of Indiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>3,141,681</td>
<td>448,923</td>
<td>14.29%</td>
</tr>
<tr>
<td>Employment</td>
<td>2,828,539</td>
<td>405,482</td>
<td>14.34%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>313,142</td>
<td>43,441</td>
<td>13.87%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>10.0%</td>
<td>9.7%</td>
<td></td>
</tr>
</tbody>
</table>

Annual Average Unemployment Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Indiana</th>
<th>Marion County</th>
<th>Indianapolis City</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010*</td>
<td>9.3</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
</tr>
<tr>
<td>2009</td>
<td>9.3</td>
<td>10.1</td>
<td>9.1</td>
<td>9.0</td>
</tr>
<tr>
<td>2008</td>
<td>5.8</td>
<td>5.8</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>2007</td>
<td>4.6</td>
<td>4.6</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>2006</td>
<td>4.6</td>
<td>5.0</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td>2005</td>
<td>5.1</td>
<td>5.4</td>
<td>5.5</td>
<td>5.5</td>
</tr>
</tbody>
</table>

* Estimate as of May, 2010


Employment by Industry

The Marion County employment base (as of the 2006-2008 ACS) is diversified among the following industries:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational services, and health care and social assistance</td>
<td>85,398</td>
</tr>
<tr>
<td>Professional, scientific, and management, and administrative and waste management services</td>
<td>50,723</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>48,478</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>45,112</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation, and accommodation and food services</td>
<td>38,658</td>
</tr>
<tr>
<td>Finance and insurance, and real estate and rental and leasing</td>
<td>33,251</td>
</tr>
<tr>
<td>Construction</td>
<td>29,164</td>
</tr>
<tr>
<td>Transportation and warehousing, and utilities</td>
<td>26,885</td>
</tr>
<tr>
<td>Other services, except Public administration</td>
<td>21,042</td>
</tr>
<tr>
<td>Public Administration</td>
<td>18,124</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>16,637</td>
</tr>
<tr>
<td>Information</td>
<td>10,809</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting, and mining</td>
<td>622</td>
</tr>
<tr>
<td>Total</td>
<td>424,903</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau American Community Survey 2006-2008 3-Year Estimates
Top Employers

The table below sets forth the largest employers in the City as of May 17, 2010.

<table>
<thead>
<tr>
<th>Employer</th>
<th>Industry</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarian Health Partners, Inc.</td>
<td>Health Care</td>
<td>12,763</td>
</tr>
<tr>
<td>Eli Lilly and Company</td>
<td>Pharmaceutical</td>
<td>11,550</td>
</tr>
<tr>
<td>St. Vincent’s Hospital</td>
<td>Health Care</td>
<td>10,640</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>Community Health Network</td>
<td>Health Care</td>
<td>5,341</td>
</tr>
<tr>
<td>Rolls-Royce</td>
<td>Manufacturing</td>
<td>4,600</td>
</tr>
<tr>
<td>St. Francis Hospital &amp; Health Centers</td>
<td>Health Care</td>
<td>4,152</td>
</tr>
<tr>
<td>WellPoint Inc.</td>
<td>Insurance</td>
<td>3,950</td>
</tr>
<tr>
<td>Allison Transmission</td>
<td>Manufacturing</td>
<td>3,800</td>
</tr>
</tbody>
</table>

Source: City of Indianapolis 2009 CAFR, using data from The Indy Partnership Employer Database

Comparable Sewer Rates

The monthly residential sewer rates of the Sanitary District’s customers of comparable cities located in nearby states, as well as municipalities located in the State, are shown in the following table:

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Current Rates (1)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indianapolis, IN</td>
<td>$20.86</td>
<td>2010</td>
</tr>
<tr>
<td>Fort Wayne, IN</td>
<td>23.27</td>
<td>2009</td>
</tr>
<tr>
<td>Evansville, IN</td>
<td>23.67</td>
<td>2008</td>
</tr>
<tr>
<td>St. Louis, MO</td>
<td>23.73</td>
<td>2009</td>
</tr>
<tr>
<td>Louisville, KY</td>
<td>26.37</td>
<td>2009</td>
</tr>
<tr>
<td>Columbus, OH</td>
<td>25.86</td>
<td>2010</td>
</tr>
<tr>
<td>Fishers, IN</td>
<td>26.00</td>
<td>2000</td>
</tr>
<tr>
<td>Cincinnati, OH</td>
<td>28.54</td>
<td>2010</td>
</tr>
</tbody>
</table>

(1) Assumes residential customer with a 5/8” meter using 5,000 gallons or 6.68 ccf per month.

Note: Current as of March/April 2010.

Source: Sanitary sewer utilities of the respective cities listed

[Remainder of page intentionally left blank.]
**Assessed Valuation and Taxes**

### Net Assessed Valuation

<table>
<thead>
<tr>
<th>Payable Year</th>
<th>Indianapolis</th>
<th>Consolidated County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$35,756,647</td>
<td>$38,257,966</td>
</tr>
<tr>
<td>2008</td>
<td>41,924,771</td>
<td>45,001,514</td>
</tr>
<tr>
<td>2007</td>
<td>43,502,520</td>
<td>46,574,174</td>
</tr>
<tr>
<td>2006</td>
<td>37,174,040</td>
<td>39,884,933</td>
</tr>
<tr>
<td>2005</td>
<td>36,913,633</td>
<td>39,630,633</td>
</tr>
<tr>
<td>2004</td>
<td>37,232,911</td>
<td>39,930,130</td>
</tr>
</tbody>
</table>

*Source: City’s Comprehensive Annual Financial Report Year Ended December 31, 2009*

### Property Taxes Levied and Collected

**City of Indianapolis**

<table>
<thead>
<tr>
<th>Collection Year</th>
<th>Levied</th>
<th>Total Collections To Date</th>
<th>Percent Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$181,262</td>
<td>$164,116</td>
<td>90.54</td>
</tr>
<tr>
<td>2008</td>
<td>196,824</td>
<td>194,653</td>
<td>98.90</td>
</tr>
<tr>
<td>2007</td>
<td>192,223</td>
<td>196,533</td>
<td>102.24</td>
</tr>
<tr>
<td>2006</td>
<td>175,485</td>
<td>172,860</td>
<td>98.50</td>
</tr>
<tr>
<td>2005</td>
<td>173,583</td>
<td>171,438</td>
<td>98.76</td>
</tr>
<tr>
<td>2004</td>
<td>163,091</td>
<td>167,025</td>
<td>102.41</td>
</tr>
</tbody>
</table>

*Source: City’s Comprehensive Annual Financial Report Year Ended December 31, 2009*
THE SANITARY DISTRICT

General Description

Under the operation of the City of Indianapolis Department of Public Works (the “Department”), the Sanitary District serves nearly all of the territory of the City, providing sanitary sewer service to over 220,000 customers and seven (7) satellite communities (of which two (2) are contract customers) including the City of Beech Grove, the City of Lawrence, Ben Davis Conservancy District, South Whitestown Utilities, Tri-County Conservancy District, the City of Greenwood, and Hamilton Southeastern Utilities.

Management and Oversight

The Board of Public Works is the governing body of the Sanitary District and consists of seven (7) members; three (3) members appointed by the Mayor of the City and three (3) members appointed by the City-County Council to one-year terms. The Director of the Department serves as presiding officer of the Board of Public Works. The Board of Public Works, which meets twice monthly, holds any hearings required by law, and approves the awarding of contracts and bid authorizations and the issuance of revenue bonds under bond resolutions related to such issuance.

The City-County Council is the legislative body with oversight authority for fiscal matters pertaining to the Sanitary District, including approving its rates and charges and the issuance of debt, and annually appropriates the revenues allocated for the operational, maintenance and capital requirements of the Sanitary District. Because the Sanitary District is not subject to the Indiana Utility Regulatory Commission (“IURC”) jurisdiction, no additional approval is required to increase rates and changes.

There are numerous affinity and stakeholder groups with which the Sanitary District and Department interact. While these groups are not officially in a management or oversight role, their input is sought on a variety of environmental, legal and technical matters that involve the Sanitary District and its facilities.

The Wastewater System

The Sanitary District’s sanitary sewer system (the “Wastewater System”) is supported by mains and laterals which generally converge through a combined storm and wastewater collection system prior to being transported to two treatment plants. Of the approximate 3,300 miles of collection system, approximately 1,820 miles are combined storm and wastewater, while the remaining are separate storm and wastewater collection systems. Treatment is provided through two wastewater treatment plants, known collectively as the Advanced Wastewater Treatment (“AWT”) facilities, consisting of the Belmont Advanced Wastewater Treatment Plant, the Belmont Solids Handling Facilities and the Southport Advanced Wastewater Treatment Plant. The AWT facilities utilize a treatment process with a total average treatment capacity of 300 million gallons per day (“MGD”). The facilities include preliminary treatment, primary clarification, and biological treatment via bio-roughing and oxygen nitrification, followed by secondary clarification, effluent filtration and ozone disinfection prior to effluent discharge to the White River. Solids handling facilities include thickening, dewatering and incineration.

The Sanitary District’s storm and wastewater collection system is made up of:

- over 10.5 million lineal feet of sewers up to 24 inches in diameter;
- over 1 million lineal feet of sewers greater than 24 inches in diameter and up to 36 inches in diameter;
• over 1 million lineal feet of sewers greater than 36 inches in diameter;
• over 51,500 combined/sanitary manholes,
• over 4 million main and subline storm sewers;
• over 22,000 storm sewer manholes;
• over 200 lift stations, 6 of which are considered major lift stations, and associated force mains;
• over 22,000 basins / inlets to combined or storm sewers;
• over 150 diversions/outfalls;
• approximately 35 siphons;
• over 45 installed flow meters;
• approximately 25 rain gauges;
• and related equipment and inventory.

The average daily flow in 2009 was approximately 200 MGD and the dry sludge processed daily was 130 tons at 24% solids.

Operation and management of the storm and wastewater collection system and the AWT facilities are managed under agreements between the City and United Water Services Indiana (UWS). The original 14-year contract (1994-2007) between the City and United Water was not renewed. A new 9-year contract was awarded to UWS on October 11, 2007 after negotiating with Veolia and UWS. The new contract started January 1, 2008 and will end December 31, 2016 unless the parties extend the initial term by an additional 6-year term (Extended Term.) The extended term may itself be extended in a like manner for an additional 5-year term (Second Extended Term) for a total of 20 years.

Customer Base

The Sanitary District provides sewer service to most of the developed areas within the City and to certain areas outside the City’s boundaries, including wholesale satellite customers and certain industrial customers. The Sanitary District treats wastewater from over 200,000 residential customers, seven (7) wholesale customers and approximately 17,000 commercial, industrial and institutional customers. The revenue received from and the billed flow of the Sanitary District’s customers as of December 31, 2009 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Billed Revenue (in $000 dollars)</th>
<th>% of Total Revenue</th>
<th>Consumption (in Million Gallons)</th>
<th>% of Total Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$49,698</td>
<td>43.17%</td>
<td>13,094</td>
<td>35.02%</td>
</tr>
<tr>
<td>Commercial/Institutional</td>
<td>$31,603</td>
<td>27.45%</td>
<td>11,969</td>
<td>32.01%</td>
</tr>
<tr>
<td>Industrial</td>
<td>$15,618</td>
<td>13.57%</td>
<td>5,538</td>
<td>14.81%</td>
</tr>
<tr>
<td>Industrial Surcharges</td>
<td>$11,976</td>
<td>10.40%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Satellite</td>
<td>$4,704</td>
<td>4.09%</td>
<td>6,788</td>
<td>18.16%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$1,523</td>
<td>1.32%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$115,122</td>
<td>100%</td>
<td>37,389</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Complied from monthly “Revenue Summary by Rate and Class” reports prepared by Veolia Water Indianapolis

The City has identified approximately 18,000 residences with failing septic systems that are expected to be connected to the Wastewater System over the next twenty (20) years through the Septic Tank Elimination Program (‘STEP’). See the heading ‘Rates and Charges’ under this caption for a discussion on the ‘STEP’ program, connection fees and revenue growth assumptions.
Rates and Charges

General. The Board may fix fees for the treatment and disposal of sewage and other waste discharged into the Wastewater System, collect the fees, and establish and enforce rules governing the furnishing of and payment for sewage treatment and disposal service. The fees must be just and equitable and shall be paid by any user of the sewage works and the owner of every lot, parcel of real property, or building that is connected with and uses the sewage works of the Sanitary District by or through any part of the Wastewater System. The fees, together with any taxes levied pursuant to IC 36-9-25, must at all times be sufficient to produce revenues sufficient to pay operation, maintenance, and administrative expenses, to pay the principal and interest on bonds as they become due and payable, and to provide money for the revolving fund authorized by IC 36-9-25. In addition, the rate covenant set forth in the section 4.02 of the Master Bond Resolution of the Board of Asset Management and Public Works of the City of Indianapolis, Indiana, Resolution No. 43-1998, as amended, requires that the rates and charges for use of the Wastewater System are sufficient such that Net Revenues (as defined therein) will at all times be equal to the larger of either: (i) all amounts required to be deposited in such Fiscal Year to the credit of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (ii) an amount not less than 1.25 times the Debt Service Requirement for such Fiscal Year for all Senior Bonds.

Fees may not be established until a public hearing has been held at which all the users of the Wastewater System and owners of property served or to be served by the Wastewater System, including interested parties, have had an opportunity to be heard concerning the proposed fees. After introduction of the resolution fixing fees, and before they are finally adopted, notice of a hearing setting forth the proposed schedule of fees is given by publication. After the hearing, the resolution establishing fees, either as originally introduced or as amended, is passed by the Board of Public Works. The City-County Council must then approve the fees before they are put into effect.

A change of fees may be made in the same manner as fees were originally established. However, if a change is made substantially pro rata for all classes of service, hearing or notice is not required, but approval of the change by ordinance of the City-County Council is required.

The City-County Council has demonstrated a commitment to funding necessary capital improvements. Beginning in 2001, the Council approved increases to average non-industrial sewer user rates from $5.43 to $6.40. This initial rate increase was projected to fund roughly $200 million in capital projects. In 2005, the Board and the City-County Council approved a phased, three-year increase in sewer user rates for all classes of user groups. In addition, the City-County Council instituted a new connection fee of $2,500 per Equivalent Dwelling Unit (“EDU”) that is levied at the time the permit for the EDU is issued for connection to the Sewer System. These rate increases were projected to fund $320 million in capital projects over the 2006-2008 period. In April of 2009, the Council approved a phased, five year rate increase (10.75% increase in each year) for all classes of user groups (see Table below.) The Council also approved a new Fats, Oil and Grease charge to be assessed of all licensed food and cooking establishments beginning in 2010 and an adjustment to the method of calculating the credit given to residential customers during the summer watering months. In connection with these rate increases, the City-County Council approved the issuance of up to $480 million in new revenue debt by the Sanitary District.

Non-Industrial Users. The Sanitary District’s retail customers are split into two major user rate categories, industrial and non-industrial. The non-industrial group includes residential, commercial, institutional and governmental. Non-industrial customers are charged a fixed monthly base fee plus a treatment charge per thousand gallons of metered water usage. The treatment charge is two-tiered with a higher rate for all gallons over 7,000 gallons per month. The combined monthly bill is subject to a minimum charge which is equal to the base fee and approximately 3,000 gallons of usage. The current
rates were adopted in 2009 as part of a five-step increase. Phase I was effective on May 1, 2009 and increased the average monthly residential bill (based upon 5,400 gallons) from $17.96 to $19.89. Phase II was effective on January 1, 2010, and raised the average bill to $22.03 per month. Phase III will be effective on January 1, 2011 and will raise the average bill to $24.40 per month. Phases IV & V will increase the average bill to $27.02 and $29.92 per month on January 1, 2012 and 2013, respectively.

**Industrial Users.** Industrial customers pay the same fixed base fee per connection as the non-industrial users. The industrial treatment charge is per thousand gallons and includes a component for the additional cost of the industrial surveillance program. The combined monthly bill is subject to a minimum charge equal to the base fee and 3,000 gallons usage at the industrial treatment rate. The industrial treatment rate was also subject to the same five year, across-the-board, 10.75% annual increase as non-industrial users, beginning May 1, 2009 and continuing on January 1st of each succeeding year. In addition, based upon the character of their waste, industrial users may be assessed excessive strength surcharges for biochemical oxygen demand, suspended solids and ammonia. Under the 2009 rate increase, these surcharge rates were also increased across-the-board by 10.75% per year.

### CITY OF INDIANAPOLIS – DEPARTMENT OF PUBLIC WORKS SEWER USER RATES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Metered Monthly Rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Charge (per month)</td>
<td>$15.22</td>
<td>$16.86</td>
<td>$18.67</td>
<td>$20.68</td>
<td>$22.90</td>
</tr>
<tr>
<td>Base Charge (per month)</td>
<td>$ 5.68</td>
<td>$ 6.29</td>
<td>$ 6.97</td>
<td>$ 7.72</td>
<td>$ 8.55</td>
</tr>
<tr>
<td>Treatment Charges / 1,000 Gallons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First 7,500 Gallons</td>
<td>$2.6312</td>
<td>$2.9141</td>
<td>$3.2274</td>
<td>$3.5743</td>
<td>$3.9585</td>
</tr>
<tr>
<td>Over 7,500 Gallons</td>
<td>$2.7661</td>
<td>$3.0635</td>
<td>$3.3928</td>
<td>$3.7575</td>
<td>$4.1614</td>
</tr>
</tbody>
</table>

| INDUSTRIAL |          |         |         |         |         |
| Metered Monthly Rates |          |         |         |         |         |
| Minimum Charge (per month) | $15.67  | $17.35  | $19.22  | $21.29  | $23.58  |
| Base Charge (per month) | $ 5.68  | $ 6.29  | $ 6.97  | $ 7.72  | $ 8.55  |
| Treatment Charges / 1,000 Gallons |          |         |         |         |         |
| Industrial Surveillance Rate – Per 1,000 Gallons | $2.7661  | $3.0635  | $3.3928  | $3.7575  | $4.1614  |
| Total Treatment & Surveillance Rate / 1,000 Gallons | $2.8978  | $3.2094  | $3.5544  | $3.9365  | $4.3596  |

| Excessive Strength Surcharges (Per lb) |          |         |         |         |         |
| BOD in excess of 250 mg/l | $0.1795  | $0.1988  | $0.2202  | $0.2439  | $0.2701  |
| TSS in excess of 300 mg/l | $0.2028  | $0.2246  | $0.2487  | $0.2754  | $0.3050  |
| NH³ in excess of 20 mg/l | $0.9348  | $1.0353  | $1.1466  | $1.2699  | $1.4064  |

| Septic Hauler Rates |          |         |         |         |         |
| In County Septic: Per 1,000 Gallons | $55.51  | $61.48  | $68.09  | $75.41  | $83.52  |
| In County Grease Waste: Per 1,000 Gallons | $280.56 | $310.72 | $344.12 | $381.11 | $422.08 |
| Out of County Septic: Per 1,000 Gallons | $83.17  | $92.11  | $102.01 | $112.98 | $125.13 |
| Out of County Grease Waste: Per 1,000 Gallons | $308.34 | $341.49 | $378.20 | $418.86 | $463.89 |

| FOG–LICENSED FOOD – Cooking Facilities |          |         |         |         |         |
| All Licensed Food/Cooking Facilities – Monthly Charge | $15.00  | $20.00  | $25.00  | $30.00  |         |

**Wholesale Customers.** The Sanitary District has separate wholesale service agreements with seven (7) neighboring communities and/or utility service territories which are referred to as “Satellite
Each wholesale agreement has a fixed charge component that relates to specific capital projects attributed to that wholesale user’s contracted capacity allocation. Therefore, regardless of actual usage volumes, the “fixed revenue” payments will remain the same until the contracted allocated capital costs are fully repaid. These capital costs are tied to twenty (20) year bond repayment terms set forth in each of the wholesale contract agreements. The variable revenue component is based on metered flow reported by each wholesale customer. Satellite Customers are obligated to pay their fixed charges whether or not they continue to contract with the Sanitary District for wastewater treatment.

Connection Fee. In 2005, the City-County Council also established a connection fee of $2,500 per EDU pursuant to Ordinance No. 107, 2005 (the “Rate Ordinance”). The Rate Ordinance defines one EDU as being equal to 310 gallons per day of average wastewater generation, or the equivalent of a single-family residence. At the time of establishing the connection fee, the Department discontinued the practice of utilizing assessments to finance connections to the Sewer System. Under the new Septic Tank Elimination Program (“STEP”), the City pays for all sewer construction costs on public property, and property owners are responsible for paying the one-time connection fee and costs to abandon their septic tank and install their lateral connection to the Sewer System. In 2009, connection fee revenue equaled $4.05 million.

Collection Rates. Between 2002 and 2008, the Sanitary District had an average annual collection rate of approximately ninety-seven percent (96.64%) on its billed fees, which includes subsequent recoveries through property liens. I.C. 36-9-25-11 provides the Sanitary District with the authority to place liens on customer properties to satisfy unpaid fees.

Future Rate Increases. The Department’s 2006 original Consent Decree (CD) originally identified approximately $1.868 billion (in 2005 dollars) in capital projects to be completed over the next twenty (20) years to comply with Section VI, “Implementation of CSO Control Measures and Post Construction Monitoring” and Section VII, “Elimination of Sanitary Sewer Discharges (SSD). Projections made in 2006 indicated that revenue requirements would need to increase an average of twelve (12%) percent per year through 2025 in order to finance construction of the Consent Decree projects and other Wastewater system capital needs. In 2009 and 2010, US EPA and IDEM approved changes to the Consent Decree that will allow the original CD to still achieve the same level of control, while realizing earlier environmental benefits and achieving cost savings. Amendment #1 to the CD was fully executed on April 23, 2009. On June 3, 2010, the US Department of Justice acknowledged an “agreement in principle” to the proposed further enhancements the City had proposed which will allow further savings to be realized. Final steps to amend the CD include a 30-day public comment period and lodging with the court. Those steps are in process.

Sanitary Operating and Maintenance Expenditures

The following table provides a five (5) year summary of the Sanitary District’s operating and maintenance expenditures including historical data for the years ended December 31, 2007 and 2008, Year End projections for 2009, budgeted 2010, and Pro-forma projections for 2011.
Annual Operating and Maintenance Expenditures:

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Policy and Planning</td>
<td>$1,141,484</td>
<td>$1,147,463</td>
</tr>
<tr>
<td>Engineering</td>
<td>$1,412,373</td>
<td>$1,310,092</td>
</tr>
<tr>
<td>Operations</td>
<td>$48,016,400</td>
<td>$51,935,230</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>$50,570,256</td>
<td>$54,392,785</td>
</tr>
</tbody>
</table>


Largest Sanitary District Customers (2009)

The following table provides unaudited revenue and consumption data for the Sanitary District’s ten (10) largest customers for the year ended December 31, 2009:

<table>
<thead>
<tr>
<th>Top Industrial Customers</th>
<th>Revenue (in dollars)</th>
<th>% of Total Revenue (all customers)</th>
<th>Consumption (in gallons)</th>
<th>% of Total Consumption (all customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Starch</td>
<td>12,021,324</td>
<td>10.44%</td>
<td>1,133,384,444</td>
<td>3.03%</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>2,324,366</td>
<td>2.02%</td>
<td>718,415,306</td>
<td>1.92%</td>
</tr>
<tr>
<td>Vertellus Specialties, Inc</td>
<td>1,452,944</td>
<td>1.26%</td>
<td>240,933,562</td>
<td>0.64%</td>
</tr>
<tr>
<td>Quaker Oats Co/SVC Manufacturing</td>
<td>1,106,479</td>
<td>0.96%</td>
<td>243,355,323</td>
<td>0.65%</td>
</tr>
<tr>
<td>Indianapolis Airport Authority</td>
<td>1,064,698</td>
<td>0.92%</td>
<td>240,396,829</td>
<td>0.64%</td>
</tr>
<tr>
<td>Conagra Dairy Foods</td>
<td>586,510</td>
<td>0.51%</td>
<td>112,783,351</td>
<td>0.30%</td>
</tr>
<tr>
<td>Covanta Indianapolis, Inc</td>
<td>535,160</td>
<td>0.46%</td>
<td>192,115,751</td>
<td>0.51%</td>
</tr>
<tr>
<td>Citizens Thermal Energy</td>
<td>519,020</td>
<td>0.45%</td>
<td>183,377,866</td>
<td>0.49%</td>
</tr>
<tr>
<td>Clarian Health Partners</td>
<td>394,006</td>
<td>0.34%</td>
<td>138,886,127</td>
<td>0.37%</td>
</tr>
<tr>
<td>Automotive Components Holdings</td>
<td>374,796</td>
<td>0.33%</td>
<td>135,719,364</td>
<td>0.36%</td>
</tr>
<tr>
<td>Total</td>
<td>20,379,303</td>
<td>17.70%</td>
<td>3,339,367,923</td>
<td>8.93%</td>
</tr>
</tbody>
</table>

Source: Veolia

Collectively, the ten (10) largest customers of the Sanitary District account for 17.70% of the Sanitary District’s total revenue and 8.93% of the total consumption.

Capital Improvement Plan

The Sanitary District has developed a five (5) year rolling Capital Improvement Plan (the “Capital Improvement Plan”) that is updated annually and reviewed by the City-County Council. The Capital Improvement Plan includes, among other things, both the LTCP projects and the STEP projects, as well as other improvements to and expansion of the Sewer System. Currently, as many as 27,000 households within the City’s boundaries are served by private septic systems. Of those, approximately 18,000 septic systems have been identified as failing or posing health risks and are targeted for elimination and connection to the Wastewater System under the STEP initiative. Mayor Ballard has targeted about 7,000 homes on septic systems to connect to city sewer over the next five years. Several other major initiatives are planned as part of the City’s Clean Streams-Healthy Neighborhoods program; including improving the wet weather treatment capacity at the AWT plants, addressing repairs and rehabilitation projects throughout the district of the Sanitary District, restoring stream banks to more natural conditions, augmenting stream flow during dry weather, and improving oxygen levels when needed through aeration in area streams. Finally, additional projects have been planned to improve
sanitary sewer capacity in the outlying townships and to prevent sewer backups into streets, yards and basements.

The table below provides the original 2009-2013 five-year Capital Improvement Plan summary for the Sanitary Sewer Improvements, the Consent Decree projects and STEP projects. The Capital Improvement Plan is a planning document for engineering purposes and assumes the full cost of a project in the first year of the projected bid date. As negotiations with the United States Environmental Protection Agency (the “EPA”) for an Enhanced Settlement Plan are completed, there will be revisions to the Capital Improvement Plan to reflect agreed upon changes with the EPA. Approximately fifteen to twenty percent (15-20%) of the projects are not expected to be funded within the five (5) year period but are available for substitution in the event of project delays or cancellations. The Capital Improvement Plan is expected to be funded with proceeds from the previous issuance of bonds, issuance of additional bonds and net revenues remaining after payment of debt service requirements, as well as from available federal funds and other grant monies.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consent Decree</td>
<td>$150,309,089</td>
<td>$114,930,958</td>
<td>$252,677,000</td>
<td>$63,177,000</td>
<td>$99,799,562</td>
<td>$680,893,609</td>
</tr>
<tr>
<td>STEP</td>
<td>40,790,007</td>
<td>27,164,106</td>
<td>34,139,008</td>
<td>29,505,336</td>
<td>8,012,895</td>
<td>139,609,352</td>
</tr>
<tr>
<td>Sanitary Rehab</td>
<td>126,862,761</td>
<td>55,244,980</td>
<td>32,022,751</td>
<td>23,579,372</td>
<td>30,607,961</td>
<td>268,317,825</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$317,961,857</strong></td>
<td><strong>$197,340,044</strong></td>
<td><strong>$318,838,759</strong></td>
<td><strong>$119,259,708</strong></td>
<td><strong>$138,420,418</strong></td>
<td><strong>$1,088,820,786</strong></td>
</tr>
</tbody>
</table>

*Source: Department of Public Works of the City of Indianapolis*

From 2007 through April 2010, about $250 million of the projects contained in the Capital Improvement Plan above have already been financed from the proceeds of certain previously issued bonds.

**Development of Long Term Control Plan**

As was the common engineering practice during the early 1900s, the older portion of the City’s Sewer System was designed to carry both stormwater and sanitary waste. In dry weather, the combined sewers carry sewage to the City’s treatment plants. However, when it rains or snow melts, the capacity of the combined portion of the City’s Sewer System can be overloaded with incoming stormwater. Combined sewer overflows (“CSOs”) that discharge to various Indianapolis’ waterways were constructed as relief points to prevent combined stormwater and sewage from backing up into homes, businesses and streets. The City has more than 130 CSO outfalls that discharge with as little as a quarter inch of rain.

The EPA issued a CSO Policy in 1994 that established a phased strategy for addressing CSOs. The CSO Policy requires evaluation of CSO-impacted waterways and sewer collection and treatment systems. Communities are required to implement specific minimum controls and to develop and implement long term control plans to reduce CSOs by separating sewers and maximizing the capacity to treat stormwater and wastewater.

The City’s wastewater collection and treatment requirements under both federal and State law are contained in two National Pollutant Discharge Elimination System (“NPDES”) permits, issued by the Indiana Department of Environmental Management (“IDEM”). From 1985 to 2001, the City operated under NPDES permits that predated the CSO Policy and, therefore, did not contain CSO control requirements. However, the City has been complying with the federal CSO policy since it was issued in 1994 even though the NPDES permits did not require it to do so.

IDEM issued new NPDES permits in 2001 that contained CSO-related requirements to develop a long term control plan and meet Clean Water Act standards. In April 2001, prior to the issuance of the...
permits, the City submitted a long term control plan to IDEM and EPA for review. From 2001 to 2006, the City met with EPA and IDEM to discuss their comments on the plan. During that time, the City spent over $200 million implementing “early action projects” which EPA and IDEM agreed would be part of any approved long term control plan. The meetings among the City, State and federal officials led to the development of the Long Term Control Plan (the “LTCP”), which has been approved by IDEM with EPA’s concurrence. The plan established a twenty (20) year schedule for Sewer System improvements that address CSOs as described in more detail below.

Through implementation of the LTCP, the City is seeking to restore beneficial uses of streams and to protect waterways from sewer overflows when people are most likely to use them. The City’s goals include:

- Reducing sewer overflows
- Improving water quality in streams to support fish and other aquatic wildlife
- Improving the quality of life in neighborhoods by reducing odors and capturing the unsightly materials found in overflowing sewers
- Complying with State and Federal Clean Water Act permit requirements.

To fulfill its goals, the City will build storage and conveyance facilities designed to capture ninety-seven (97%) percent of wet-weather sewer flows and two overflow events per year on Fall Creek and ninety-five (95%) percent and four overflow events per year on White River, Pogues Run, Pleasant Run, and Bean Creek. This will capture all but a few large storms in a typical year. Major components of the LTCP include completion of the following projects:

- Deep, underground tunnels starting at the Southport advanced wastewater treatment plant along White River, Fall Creek, Pogues Run and Pleasant Run will capture, store and convey sewage to the City’s Southport advanced wastewater treatment plant.
- A new relief interceptor sewer along the existing Belmont North Interceptor system that will carry wet weather flows to the Belmont AWT plant.
- Upgrades to an existing storage facility and pumping station at Riviera Club to capture and store overflows from the upper White River.
- Inflatable dams and pinch valves at key points in the Sewer System to use existing lines to maximize in-system storage and conveyance to contain and reduce raw sewage overflows.
- Local sewer separation projects to eliminate isolated overflows on White River, State Ditch, Lick Creek and the upstream ends of Fall Creek, Pogues Run, and Bean Creek.
- Significant improvements to both Belmont and Southport AWT plants to increase their ability to store and treat incoming flows during wet weather.

**Agreement to Enter into Implementation Consent Decree**

It has been EPA’s position that if a CSO long term control plan will take longer than five (5) years to implement, the plan should be included in an enforceable order, or, for large communities, an
enforceable judicial order. Because the City’s LTCP will take twenty (20) years to implement, EPA required the City to enter into a consent decree or face an enforcement action in federal court.

Although the City did not agree that a consent decree was either warranted or necessary given the City’s positive compliance record, the City agreed to negotiate a consent decree based upon EPA’s assurance that it would be an “implementation” consent decree and that it would be non-adversarial. An implementation consent decree is one that simply requires a community to implement an approved LTCP. An implementation consent decree sets forth the required financial commitments and project schedule and will help ensure full compliance with the law and NPDES permits.

The EPA also wanted to address sanitary sewer discharge (“SSD”) issues in the consent decree. SSDs, which are discharges of wastewater from the sanitary portion of the system that reach the waters of the State, are strictly prohibited by federal and State law. The City had previously developed operation and maintenance procedures to address SSDs and a program to ensure adequate sewer capacity. Therefore, the Consent Decree includes relatively few SSD-related requirements.

The final consent decree was lodged in the United States District Court for the Southern District of Indiana on October 4, 2006, and entered by the Court on December 19, 2006 (the “Consent Decree”). The consent decree was subsequently amended twice, with the second amendment at the agreement in principle stage and subject to the full approval of the Department of Justice, that will modify specific control measures but keep performance criteria the same.

Overview of Consent Decree Requirements. Under the Consent Decree, the City has agreed to:

- achieve full operational status to implement thirty-two (32) CSO control measures along five (5) waterways designed to significantly reduce raw sewage overflows from the combined Sewer System and achieve full operational status by December 31, 2025; and
- by December 31, 2015 to eliminate chronic overflows (SSDs) from seven (7) locations in the separated sanitary Sewer System.
- by December 31, 2010, on supplemental environmental projects (SEP projects), to eliminate septic systems in the Epler-Meridian and Banta-Southport neighborhoods.

When expressed in 2004 dollars, the projected cost of the modified Consent Decree, including capital and operation and maintenance costs, is estimated to cost approximately $1.4 billion.

CSO and SSD control measures will be tracked using two critical milestone dates: completion of the bidding process and achievement of full operation. SEP projects must be completed by December 31, 2010. Failure to meet milestone and completion dates could result in stipulated penalties.

The City also will continue implementing EPA’s nine (9) minimum control requirements for CSOs and the City’s Capacity Management, Operations and Maintenance program.

Upon completion of the LTCP, CSO control measures must meet performance criteria specified in the Consent Decree. For example, on Fall Creek, controls must achieve ninety seven (97%) percent capture of Sewer System flows during wet weather and no more than two (2) overflow events in a typical year. For the remaining waterways, controls must achieve ninety five (95%) percent capture and only four (4) overflow events in a typical year. The typical year performance will be determined through a 5-year simulation using the City’s computerized model of the collection system.
Upon achievement of full operation of all control measures, any remaining CSO discharges must comply with the City’s NPDES permits. For certain sanitary sewer discharge (SSD) locations, the City will be in compliance with the NPDES permits only if it does not have any discharges from those locations.

**Risks Associated with the Consent Decree.** The City negotiated an implementation consent decree in order to define as precisely as possible the financial and project schedule requirements and obligations. However, the LTCP developed by the City and approved by IDEM with concurrence by EPA is premised upon a revision to the State’s water quality standards. If the State’s water quality standards are not revised to be consistent with the approved LTCP, the City may not be in compliance with its NPDES permits even if it implements all of the requirements of the LTCP.

An additional risk posed by the Consent Decree is the City’s potential liability for stipulated penalties if the City is unable to comply with every Consent Decree milestone or requirement. These penalties typically accrue for each day the City is in violation and, if incurred, could be substantial.

- **Water Quality Standards Revision**

  A water quality standard is made up of a designated use for the waterway (e.g., aquatic life, recreation, or drinking water) and the pollutant criteria to protect that use. The State has designated all waterways in the State for the full body contact recreational use, and has established criteria to protect that use, including limits on E. coli bacteria.

  Although the LTCP will achieve an extremely high level of control, a few CSO events are expected to occur during large storms each year. Because of the presence of sewage, any CSO discharge will exceed the State’s current E. coli limits. Therefore, a revision to water quality standards is necessary if the City is to be in compliance with its NPDES permits and federal and State law after full implementation of the LTCP.

  Water quality standards can only be revised through a use attainability analysis (“UAA”), which must be approved by IDEM and EPA. The City has performed a UAA which was included in the LTCP and has requested that the current water quality standard to be revised to provide a “CSO wet weather limited use subcategory” that would be applicable during and after large storms that cause CSO discharges. This subcategory is permitted under State law for waterways affected by CSOs after implementation of an approved long term control plan and successful completion of UAA requirements.

  Under the Consent Decree, IDEM has agreed to issue a decision on the City’s UAA within 270 days of its written notice to the City that it deems the UAA and supporting information to be complete. If IDEM approves the request, it will initiate rule-making to establish the CSO wet weather limited use subcategory. The water quality standard revision would then be submitted to EPA for approval.

  If either IDEM or EPA does not approve the water quality standard revision, the City must submit a work plan to revise the LTCP within ninety (90) days of a final, non-appealable decision. Within ninety (90) days of approval of a work plan, the City must submit a report on revising the LTCP. The revision to the LTCP must be sufficient to ensure compliance with NPDES permit requirements and federal and State law after full implementation of the LTCP.

  The State’s UAA decision is needed before the City begins construction of projects that are designed to meet water quality standards. The Consent Decree contains a safeguard providing that if IDEM fails to act on the City’s request within five (5) years of entry of the Consent Decree, the City may seek a modification of the project schedule for control measures that are dependent upon the water quality standards.
standards. The City has begun regular meetings with IDEM and EPA to review the UAA and supporting information in order to ensure timely progress on the UAA request.

- **Stipulated Penalties**

  The City intends to comply with every requirement and milestone contained in the Consent Decree. However, the Consent Decree includes stipulated penalties ranging from $500 to $5,000 per day if the City is not able to comply with all requirements and milestones over the duration of the Consent Decree. The City believes that stipulated penalties most likely to be incurred are for certain SSDs. SSDs occur from time to time often due to circumstances beyond the City’s control, such as blockages in the collection system. If SSDs occur, the City may be liable for penalties between $500 and $3,000 per day, depending upon the volume of the discharge.

  *Consent Decree Safeguards.* The Consent Decree includes certain safeguards to provide relief from milestone dates and requirements if unforeseen events occur, including the following:

- **Extension of Deadlines Due to Increased Costs**

  The City estimates the cost of completing the CSO control measures, the SSD elimination projects and the SEP projects to be approximately $1.4 billion (in 2004 dollars). At least every five (5) years, the City will report on the actual costs compared to the estimated costs, and if the City determines that the costs will exceed $2.325 billion (in 2005 Dollars), the City may request an extension of one or more of the deadlines contained in the Consent Decree, subject to EPA and IDEM approval.

- **Modifications to Reflect Significant Adverse Changes to Financial Circumstances, NPDES Permit Proceedings or Agency Inaction on Revising Water Quality Standards**

  The City may request a modification of Consent Decree requirements in connection with any significant adverse changes to its financial circumstances, delays in NPDES permit proceedings or, as described above, IDEM’s lack of action on revising the water quality standards. If EPA or IDEM do not agree to the requested modification, the City may seek a modification from the Court under Federal Trial Rule 60(b).

- **Modification of Performance Criteria**

  If, after implementation of all CSO control measures, the City determines through post-construction monitoring that the performance criteria set forth in the Consent Decree have not been and cannot be achieved without remedial measures that would be cost-prohibitive, infeasible or otherwise inappropriate, the City may request a modification of the performance criteria, subject to EPA and IDEM approval.

- **Force Majeure Events**

  Force majeure events are those beyond the City’s control that could affect the City’s ability to meet a Consent Decree requirement or deadline. The deadline for a consent decree requirement will be extended for a period equal to the delay caused by the event if the City gives the required notice to EPA and IDEM and provides the required documentation to substantiate the existence of a force majeure event.
Dispute Resolution

Disputes among EPA, IDEM and the City regarding the meaning, application, implementation or modification of certain Consent Decree requirements or provisions may be submitted to the Court for resolution.

Management of Consent Decree Compliance. The City is approaching implementation of the Consent Decree with commitment and resources to ensure compliance with its requirements and milestones. The City will continue to coordinate efforts and monitor compliance through a Consent Decree Implementation Team, a Consent Decree Project “Watch List” to track mandated deadlines, and progress reports required by the Consent Decree to be submitted to EPA every six (6) months.

A copy of the LTCP and the Consent Decree can be obtained at HTTP://WWW.INDY.GOV/eGOV/CITY/DPW/ENVIRONMENT/CLEANSTREAM/home.htm.

The Manager

The City contracts with a third party to manage and operate the Wastewater System. The City entered into initial Agreements for the Operation and Maintenance of the Advanced Wastewater Treatment Plants and for the Storm and Wastewater Collection System and Eagle Creek Dam (the “Management Agreements”) with United Water Services Indiana (also known as White River Environmental Partnership) (the “Manager”) in December 1997. The original Management Agreements expired on December 31, 2007. After conducting a procurement process, the City awarded a new 9-year contract to United Water Services (UWS) on October 11, 2007 after negotiating with Veolia and UWS. The new contract started January 1, 2008 and will end December 31, 2016 unless the parties extend the initial term by an additional 6-year term (Extended Term). The extended term may again be renewed for an additional 5-year term (Second Extended Term) for a total of 20 years. The agreement was assigned to UWS’s affiliate, United Water Services Indiana LLC (“UWSI”) on December 31, 2009.

The Manager is headquartered in Indianapolis, Indiana. The Manager is a wholly-owned subsidiary of United Water Environmental Services Inc. The parent company for United Water Environmental Services Inc. is United Water Inc., and ultimately SUEZ ENVIRONNEMENT COMPANY, a French public company. United Water Environmental Services Inc. is an environmental service provider, specializing in water and wastewater system and utility management for municipalities across the United States. United Water Environmental Services Inc. directly and through its subsidiaries, operates approximately 225 water and wastewater utilities in the United States, including Springfield, Massachusetts, Newport, Rhode Island, and Burbank, California.

SUEZ ENVIRONNEMENT COMPANY SA maintains its corporate headquarters in Paris, France, and its shares are listed on the Paris and Brussels stock exchanges. Additional information on SUEZ ENVIRONNEMENT COMPANY SA is available at http://www.suez-environnement.com/en.

The information contained under this heading “—The Manager” concerning the Manager and Suez Environnement has been obtained from the Manager, but none of the Bond Bank, the City or the Underwriters take any responsibility for the accuracy thereof.

The Management Agreements

The Management Agreements provide for the Manager to perform the day-to-day operation, maintenance, repair and management of the Wastewater System. The term of each Management Agreement is ten (10) years, subject to early termination. The City retains title to all assets of the
Wastewater System and retains and exercises broad oversight responsibility over the Wastewater System through the Board of Public Works and the staff of the Department of Public Works. The Board exercises control over the operation of the Wastewater System through specific standards for performance contained in the Management Agreements.

Under the Management Agreements, the Manager receives a fee, paid monthly, for the current month’s service. The combined annual fee for 2009 was $49,874,265, which includes $2.55 million in expenditures for minor capital improvements and payment for performance incentives, consulting fees, chemical, insurance and utility costs and the budgeted amount for the same scope of services in 2010 is $54,959,511, including $3.22 million in minor capital improvement expenditures.

The Manager is required to provide all operation expenses and all rehabilitation, repair and replacement work with a cost of $25,000 or less for each structure and pipeline to be rehabilitated, repaired or replaced (“minor capital improvements”) under the Management Agreement. The City is responsible for the entire cost of the work if such costs are greater than $25,000, with the limit on these costs escalated annually. The City also retains control over approval of the Capital Improvement Plan, rate setting procedures, including seeking approval of any rate changes from the City-County Council, the right to appeal any property tax assessments or to initiate eminent domain proceedings, and the right to negotiate all intergovernmental agreements and wholesale agreements.

Either Management Agreement may be terminated for an uncured event of default by either party. See “RISK FACTORS—Dependence Upon Manager for Operation of the Wastewater System” in the Official Statement.

Copies of the Management Agreements are available from the Bond Bank at Suite 2342, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204.

The Proposed Acquisition

Prompted by rising utility rates and infrastructure challenges, in February 2009, the Mayor of the City created the Infrastructure Advisory Commission (the “IAC”). The IAC’s directives were to assess the infrastructure challenges the City faces in light of rising utility rates, review long-term solutions to those challenges, solicit feedback from citizens of the City and review both national and international models for financing any potential solutions. The IAC held public forums and met with businesses and neighborhood associations. The IAC’s process resulted in its recommendation that the City issue a request for expressions of interest (the “REI”).

The REI was issued on July 21, 2009, seeking creative and innovative solutions to the City’s infrastructure challenges and rising utility rates. In response to the REI, the City received 23 submissions from local, national and global organizations. The Mayor’s office invited nine of the 23 bidders to present their ideas to the IAC. In reviewing the possible structures, the IAC’s priorities were the following: (i) the selected approach should contribute to the long-term viability of the City; (ii) all assets of the wastewater and utilities should remain publicly owned; (iii) utility rate increases should be mitigated; (iv) the plan should provide for a thoughtful allocation of the proceeds from the transaction; and (v) the utilities must continue to meet federal mandates and regulatory standards.

On March 9, 2010 the City entered into a Memorandum of Understanding for Consolidation of Municipal Utilities (the “MOU”) with the Board of Directors for Utilities (“Citizens Board”) of the Department of Public Utilities of the City d/b/a Citizens Energy Group (“Citizens Energy Group”). The MOU memorialized their mutual understanding, concerning the proposed acquisition of the City’s water system (the “Water System”) and wastewater system (the “Wastewater System”; together with the Water
System, collectively referred to as the “Systems”) by, or on behalf of, Citizens Energy Group subject to the terms of the MOU (the “Proposed Acquisition”). The City and Citizens Energy Group have reached agreement on forms of Asset Purchase Agreements for the acquisition of the Systems (each a “Proposed Agreement” and collectively, the “Proposed Agreements”). After thorough analysis of various options, structures and partners, the City believes the Proposed Acquisition of the Systems by or on behalf of, Citizens Energy Group will provide the City with much needed capital to fund necessary infrastructure improvements, result in rate mitigation for the Systems and continue to provide the City's citizens with excellent water and wastewater services. The consummation of the Proposed Acquisition is subject to certain closing conditions and the completion of business, financial, legal and similar due diligence with results satisfactory to Citizens Energy Group in its discretion. The City-County Council approved the Proposed Agreements at its July 26, 2010 council meeting. The Proposed Agreements could be signed as early as August with financial close occurring as early as March 31, 2011.

One reason the City is considering the Proposed Acquisition is to meet certain of the over $4 billion for necessary improvements to the Systems and $1.5 billion for other basic infrastructure projects such as roads, bridges, sidewalks and parks. Included in the estimated improvements is approximately $1.4 billion in improvements (in 2004 dollars) mandated by the U.S. Environmental Protection Agency (“EPA”) pursuant to the 2006 consent decree entered into by the City and the EPA (the “Consent Decree”) and subsequently amended. See the section “Sanitary District” to this Official Statement. If the City does not consummate the Proposed Acquisition as described herein, to cover the costs of all of these necessary improvements, it is projected by the City that Water rates would need to increase over 100% and Wastewater rates could increase more than 400% respectively by 2025.

Citizens Energy Group expects that the combined operation by, or on behalf of, Citizens Energy Group of the Central Indiana water, wastewater, gas, steam and chilled water utility systems will result in substantial operating and capital project synergies annually. The combination is expected to result in lower rates for all customers of the Water System and Wastewater System than would otherwise result in the absence of the Proposed Acquisition. Citizens Energy Group is exempt from federal and state income taxes and has the ability to issue tax-exempt debt. Citizens Energy Group also has significant experience owning, managing and operating utilities in the City and in Central Indiana.

Citizens Energy Group expects to create CWA Authority, Inc. (“CWA”) pursuant to an Interlocal Cooperation Agreement (the “Interlocal Agreement”) among Citizens Energy Group, the City and the Sanitary District to acquire the assets of the Wastewater System. CWA will be a separate, not-for-profit corporation created specifically to acquire and hold the assets of the Wastewater System. Pursuant to the Interlocal Agreement, upon closing of the Proposed Acquisition, the Sanitary District, the City and the Citizens Board will vest in CWA, all of the power and authority each has to acquire, hold and operate the Wastewater System (excluding the City's taxing power and taxing authority).

The increase in annual PILOTs adopted by the City-County Council pursuant to the Bond Ordinance, a portion of which will secure payments of interest on and principal of the Series 2010 Qualified Obligations as described herein, is a component of the negotiations related to the Proposed Acquisition. The City intends to monetize the increase in PILOTs by issuing the Series 2010 Qualified Obligations and to use the proceeds to fund necessary public infrastructure improvements unrelated to the System. The Proposed Acquisition, as provided in the Proposed Agreement for the acquisition of the Wastewater System requires that CWA agree to make payments to the City in amounts equal to the PILOTs consistent with the schedule of PILOTs to be paid by the Sanitary District. The Proposed Agreement for the Wastewater System, in addition to those matters specifically set forth in the MOU, include, customary representations, warranties, indemnities, covenants and conditions of closing typical for transactions of similar scope and significance to the parties. CWA will also assume, replace or defease certain of the existing debt related to the Wastewater System.
The Proposed Acquisition will be subject to various conditions precedent to closing, certain of which are specifically related to the Wastewater System. In particular, CWA must demonstrate it has completed the necessary financing so that it may finance the transaction and assume or replace all existing interest-bearing debt related to the Wastewater System. Additionally, the IURC must approve the Proposed Acquisition, including, but not limited to, (1) the PILOT schedule adopted by the Bond Ordinance and set forth in Table I in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Security for the Series 2010 Qualified Obligations” of this Official Statement and (2) that future wastewater rates include as a revenue requirement, in addition to all other recoverable costs, any debt service assumed or incurred by CWA in order to complete the Proposed Acquisition and the PILOTs. Certain other conditions must also be satisfied.

Citizens Energy Group

The Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group is an executive department of the City of Indianapolis. Citizens Energy Group is governed by a five-member, self-perpetuating board of trustees (the “Citizens Board of Trustees”). The Citizens Board of Trustees annually appoints the seven-member Citizens Board. The Citizens Board has the exclusive power and authority to govern, manage, regulate and control any waterworks, gas works, electric light works, heating and power plants and all property relating thereto and the power to own and operate other utility properties pursuant to Indiana Code 8-1-11.1-1(a) and -3. As described below, the Citizens Board manages its Gas Utility System, the Thermal Energy System and other utility properties separately from the City.

Under Indiana Code Title 8, Article 1, Chapter 11.1 (the “Citizens Act”), the Citizens Board is given “the exclusive government, management, regulation, and control of all public utilities” acquired by the City for the service of the public, and has the duty and the power to furnish and sell service and products of and “make all necessary construction, reconstruction, repairs, renewals, enlargements, extensions, or additions” to the plant or property of any such utility. The Citizens Board has the power to set rates, subject to Indiana Utility Regulatory Commission (the “IURC”) approval. In addition, the Citizens Board has the power to condemn property, to contract for and construct extensions or additions, to sell products or by-products and enter into contracts for such sale, to operate any such plant or plants, to receive moneys, and to employ necessary personnel. The Citizens Board has the power to issue revenue obligations, including long-term revenue bonds and short-term certificates of indebtedness. The Citizens Board is also authorized by the Act to do all things necessary to cause Citizens Resources, a wholly-owned subsidiary of the Citizens Board (“Citizens Resources”) to carry on its operations efficiently and to conduct its business in the same manner as if Citizens Resources’ stock were owned by private individuals.

In 1906, the Citizens Gas Company of Indianapolis began construction of a foundry coke oven battery because foundry coke was more profitable to manufacture than other types of coke. Profits from Citizens Gas’ foundry coke sales were used to reduce the cost of gas service, giving Citizens Gas an advantage in the Indianapolis gas market. In 1913, the Indianapolis Gas Company leased its distribution system to Citizens Gas for 99 years. As a result, Citizens Gas became the sole gas distributor in the City. In 1929, the Indiana General Assembly enacted the Citizens Act, creating the Citizens Board. In 1935, all the assets of Citizens Gas, including the 99-year lease of the competing gas company and the stock of the former Milburn By-Products Coal Company — now Citizens Resources — were conveyed to the City, as successor trustee. In 1942, the Citizens Board “bought out” the 99-year lease. The assets that were conveyed to the Citizens Board in 1935 are subject to a public charitable trust, for which the City is successor trustee, whose purposes are:
• to establish and operate a gas utility that is not controlled by partisan politics or private
  ownership and
• to provide light, heat and power to the City and its inhabitants.

The City, as successor trustee, has two express duties:
• to engage in the gas business and
• to supply the City and its inhabitants with light, heat and power.

Among the primary purposes of the public charitable trust were to protect the City and its
inhabitants against (i) sale or disposition of the utility’s assets; (ii) private ownership or control of the
utility and (iii) partisan political governance. The primary beneficiaries of the public charitable trust
were, and remain, the inhabitants of the City. Today, Citizens Energy Group operates the gas, steam and
chilled water assets as a single public charitable trust for the benefit of the inhabitants of the City.

The Gas Utility System has been operated by the Citizens Board since 1935 under the Citizens
Gas & Coke Utility trade name until 2008, when the Citizens Board renamed its operations Citizens
Energy Group. In 2000, the Citizens Board acquired the Thermal Energy System to control and operate
the steam assets and chilled water assets and commenced operation of the Thermal Energy System as a
separate system from the Gas Utility System. This division is called Citizens Thermal. In 2007, the
Citizens Board discontinued operations of the Manufacturing Division consisting of the coke oven
batteries and related facilities. In 2008, the Citizens Board renamed the operating divisions under its new
trade name Citizens Energy Group as follows: Citizens Gas, Citizens Thermal and Citizens Resources.
At the time of acquisition of the Sanitary District, the Citizens Board will also acquire the Water System.

CWA

The Citizens Board will create CWA pursuant to the Interlocal Agreement. The Citizens Board
will be the board of directors of CWA and the Citizens Board will provide all of the employees, staffing
and financial operations of CWA pursuant to the provisions of the Interlocal Agreement. The Citizens
Board will operate the Wastewater Assets, as part of its integrated utility system, to provide wastewater
services to the inhabitants of the City in furtherance of the public charitable trust, the purposes of which
are to provide wastewater services to the inhabitants of the City in substantially the same manner the
Citizens Board has provided utility services in the Gas Utility System, the Thermal Energy System and its
other utility properties.

IURC Regulation

The Sanitary District is not subject to the jurisdiction of the IURC, and upon consummation of
the Proposed Acquisition, CWA would be subject to IURC jurisdiction over rates and charges, standards
of service, accounting procedures and related matters. CWA would provide services pursuant to rates and
charges that are nondiscriminatory, reasonable and just.

Reasonable and just rates and charges for services means rates and charges that produce sufficient
revenue to (i) pay all legal and other necessary expenses incident to the operation of the utility including
maintenance costs, operating charges, upkeep, repairs, depreciation, and interest charges on bonds or
other obligations (including leases); (ii) provide a sinking fund for the liquidation of bonds or other
obligations (including leases); (iii) provide a debt service reserve for bonds or other obligations (including
leases); (iv) provide adequate money for working capital; (v) provide adequate money for making
extensions and replacements to the extent not provided for through depreciation in (i) above; and (vi) provide money for the payment of any taxes that may be assessed against the utility. Rates that are too low to produce an income sufficient to maintain the utility property in sound physical and financial condition to render adequate and efficient service are unlawful.

In establishing “reasonable and just rates and charges,” the IURC is not required to provide for rates and charges necessary to satisfy either the rate covenants set forth under ordinances, resolutions or other documents related to outstanding debt obligations or any board policy rate covenant or required PILOTs. As indicated above, consummation of the Proposed Acquisition will be conditioned on the IURC’s approval of revenues related to the payment of the PILOTs. See the above description of the Sanitary District for additional information on the Sanitary District's rates and charges.
APPENDIX B

FORM OF OPINION OF CO-BOND COUNSEL
Upon delivery of the Bonds, Baker & Daniels LLP and Graham & Associates, PC, co-bond counsel, will each deliver an opinion in substantially the following form:

___________, 2010

The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

Wells Fargo Bank, N.A., as Trustee
Indianapolis, Indiana

Citigroup Global Markets Inc., as Representative
Chicago, Illinois

Re: The Indianapolis Local Public Improvement Bond Bank
Bonds, Series 2010 F (PILOT Infrastructure Project)

Ladies and Gentlemen:

We have acted as co-bond counsel to The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) in connection with the issuance by the Bond Bank of One Hundred Fifty-Nine Million Five Hundred Fifteen Dollars ($159,515,000) aggregate principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 F (PILOT Infrastructure Project), originally dated August __, 2010 (the “Series 2010 F Bonds”). The Series 2010 F Bonds are being issued pursuant to Indiana Code 5-1.4, as amended (the “Bond Bank Act”), and a Trust Indenture (the “Indenture”) dated as of August 1, 2010, between the Bond Bank and Wells Fargo Bank, N.A., as trustee (the “Trustee”).

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

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Bond Bank, public officials and others contained in the certified proceedings and other certificates, instruments and documents furnished to us.

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

1. The Bond Bank is a body corporate and politic validly existing under the Bond Bank Act, with the corporate power to execute and deliver the Indenture and to issue, execute and deliver the Series 2010 F Bonds.
2. The Indenture has been duly authorized, executed and delivered by the Bond Bank, and is a valid and binding obligation of the Bond Bank, enforceable against the Bond Bank in accordance with its terms.

3. The Series 2010 F Bonds have been duly authorized, executed and issued by the Bond Bank in accordance with the Bond Bank Act, and are valid and binding special obligations of the Bond Bank enforceable in accordance with their terms. The principal of and interest on the Series 2010 F Bonds are payable solely from and secured solely by the sources provided therefor in and pursuant to the Indenture.

4. The interest on the Series 2010 F Bonds (a) is excludable pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the “Code”), from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax that may be imposed under the Code on individuals and corporations. The opinions set forth in the preceding sentence are subject to the condition that the Bond Bank and the Qualified Entity (as defined in the Indenture) comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010 F Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Bond Bank and the Qualified Entity have each covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Series 2010 F Bonds to cease to be excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Series 2010 F Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2010 F Bonds.

5. The interest on the Series 2010 F Bonds is exempt from taxation in the State of Indiana for all purposes except the Indiana financial institutions tax and the Indiana inheritance tax.

It is to be understood that the rights of the holders of the Series 2010 F Bonds, the Bond Bank and the Trustee and the enforceability of the Series 2010 F Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,
APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS
APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE INDENTURE AND QUALIFIED ENTITY ORDINANCE AND THE DEFINITIONS THAT APPLY THROUGHOUT THIS OFFICIAL STATEMENT. THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE INDENTURE AND THE QUALIFIED ENTITY ORDINANCE.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Trust Indenture between The Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) and Wells Fargo Bank, N.A., as trustee (“Trustee”), dated as of July 1, 2010 (“the Indenture”). This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture. Certain capitalized terms used in this summary are hereinafter defined in “DEFINITIONS.”

The Bond Bank will issue its Bonds, Series 2010 F (PILOT Infrastructure Project) (the “2010 F Bonds”), pursuant to the Indenture.

Security for Bonds

To secure the payment of the principal of and interest on the 2010 F Bonds and performance of the covenants contained in the 2010 F Bonds and the Indenture, the Bond Bank, grants to the Trustee a security interest in the following property (“Trust Estate”):

(i) All cash and securities held for the credit of the Funds and Accounts (with the exception of the Rebate Fund) created or established under the Indenture and the Investment Earnings thereon and all proceeds thereof (except to the extent transferred from such Funds and Accounts from time to time in accordance with the Indenture); and

(ii) All Series 2010 Qualified Obligations acquired and held pursuant to the Indenture and the earnings thereon and all proceeds thereof (including all Qualified Obligation Payments); and

(iii) All Revenues and any moneys pledged as security by the Bond Bank.

The Trust Estate is to be held by the Trustee for the equal and proportionate benefit, security and protection of all owners of the Bonds issued under and secured by the Indenture without privilege, preference, priority or distinction as to the lien or otherwise of any such Bond over any other such Bond, except as otherwise provided in the Indenture.

Funds and Accounts

Creation of Funds and Accounts. Under the Indenture, the Bond Bank created and ordered established the following Funds to be held by the Trustee: (1) the General Fund, (2) the Debt Service Reserve Fund, and (3) the Rebate Fund. The following Accounts were created and established in the General Fund: a “General Account,” a “Bond Issuance Expense Account,” a “Capitalized Interest Account,” a “Construction Account,” a “Hedge Payments Account,” and a “Redemption Account,” each of which will have separate subaccounts for a series of Bonds. The following Accounts may be
established in the Debt Service Reserve Fund: a “Common Reserve Account” and one or more “Series Reserve Accounts.”

All such Funds and Accounts will be held and maintained by the Trustee. All moneys or securities held by the Trustee pursuant to the Indenture will be held in trust and applied only in accordance with the provisions of the Indenture. Upon written request of the Bond Bank, the Trustee may establish and maintain such additional Funds, Accounts or subaccounts as the Bond Bank may specify from time to time.

**Construction Account.** There will be deposited in the Construction account all moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds in accordance with the Indenture. Moneys, except as otherwise provided, will be withdrawn from the Construction Account for the Project (as defined in the Qualified Entity Purchase Agreement) only upon claims approved by an Authorized Officer in the same manner that other claims against the Qualified Entity are presented and paid and pursuant to a requisition from the Qualified Entity.

When the Project is completed and all amounts due therefor, including all incidental expenses, are paid or full provision made therefor, the Bond Bank, upon receipt of written request of the Board of Directors of the Qualified Entity so ordering, will cause to be transferred to the 2010 Construction Fund created under the Bond Ordinance all surplus moneys remaining in the Construction Account, if any, except for any monies designated by the Qualified Entity in such written request of the Qualified Entity to be retained to pay unpaid costs or contingent obligations relating to the cost of the Project, and shall be applied in accordance with Indiana Code 5-1-13.

**General Account.** There will be deposited in the General Account: (i) the proceeds of the sale of the 2010 F Bonds, other than the amounts deposited in the Bond Issuance Expense Account as described below; and (ii) any other amounts required to be deposited in the General Account pursuant to the Indenture. The Trustee will apply the moneys in the General Account (i) to purchase the Series 2010 Qualified Obligations; (ii) to pay principal and interest coming due on the Bonds; (iii) to make Hedge Payments; (iv) to fund or replenish the Debt Service Reserve Fund; (v) to pay, as necessary, Program Expenses; (vi) to pay any amount needed to comply with any rebate obligations, to the extent such amounts are not collected as Fees and Charges; and (vii) to transfer to any other fund or account maintained by the Bond Bank of any moneys in excess of the amounts needed to pay principal and interest on the Bonds within the immediately succeeding twelve month period pursuant to the Indenture.

**Redemption Account.** There will be deposited in the Redemption Account (i) all moneys received upon the sale or redemption prior to maturity of Qualified Obligations and (ii) such other amounts as may be designated by the Indenture. Funds in the Redemption Account will be disbursed as follows by the Trustee: (1) on such dates as are specified in the Indenture, an amount equal to the principal which would have been payable during the following month if Qualified Obligations had not been sold or redeemed prior to maturity; (2) on such dates as are specified in the Indenture, to the extent moneys in the General Account are not sufficient, for the purpose of paying the principal of and interest on the Bonds as the same become due; (3) after providing for the payments required under (1) and (2) above, moneys may be used (A) on any redemption date, to redeem Bonds; (B) to purchase Qualified Obligations as permitted under the Indenture; (C) to transfer any excess moneys to the General Account (D) to purchase Bonds at the most advantageous price obtainable with reasonable diligence; or (E) to invest such moneys until the maturity or maturities of Bonds in accordance with the Indenture; and (4) if the Trustee is unable to purchase Bonds under (3) above, then, subject to the Indenture, the Trustee will redeem Bonds to exhaust as nearly as possible the amounts remaining in the Redemption Account under the Indenture after payment of the amounts described in clauses (A), (B), (C) and (D) above. Upon
written direction and presentation of a Cash Flow Certificate from the Bond Bank, the Trustee may transfer moneys to the General Account (pursuant to the Indenture).

**Bond Issuance Expense Account.** There will be deposited in the Bond Issuance Expense Account: (i) a portion of the proceeds of the 2010 F Bonds in an amount equal to the estimated costs of issuing the 2010 F Bonds and the Series 2010 Qualified Obligations, and (ii) any other amounts required to be deposited therein pursuant to the Indenture. Upon receipt by the Trustee of invoices and requisitions certified by the Bond Bank, funds in the Bond Issuance Expense Account will be disbursed to pay the costs of issuing the 2010 F Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs. Any funds remaining in the Bond Issuance Expense Account one hundred eighty (180) days after the issuance of the 2010 F Bonds will be transferred to the Subaccount of the General Account and the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

**Hedge Payments Account.** There will be deposited in the Hedge Payments Account on such dates as are specified in the Indenture an amount which, together with any other moneys already on deposit therein and available to make such payment is not less than such Hedge Payments coming due on such payment date. Moneys in the Hedge Payments Account will be used solely to pay Hedge Payments under Hedge Agreements when due and payable. In the alternative, the Bond Bank may provide in any supplemental indenture that such Hedge Payments are subordinate to the payments on the Bonds.

**Debt Service Reserve Fund.** The Debt Service Reserve Fund will be used solely for the payment of interest on and principal of the Bonds and only if moneys in the General Account are insufficient to pay interest on and principal of the Bonds after making all required transfers from the Redemption Account to the General Account. Notwithstanding the foregoing, the Trustee may disburse moneys in the Debt Service Reserve Fund to the trustee for the Qualified Obligations to be used in accordance with the provisions of the Bond Ordinance relating to the uses of the Debt Service Reserve Account established thereunder.

The Bond Bank may satisfy all or any part of its obligation to maintain an amount in the Debt Service Reserve Fund at least equal to the Bond Bank Reserve Requirement by depositing a reserve fund credit instrument in the Debt Service Reserve Fund.

**Rebate Fund.** There will be made all deposits and disbursements as required by law from the Rebate Fund solely in accordance with the Bond Bank's written direction. Money at any time deposited in the Rebate Fund will be held by the Trustee in trust and applied in accordance with the provisions of the Indenture. The Trustee will remit part or all of the balances in the Rebate Fund to the United States, as directed by the Bond Bank. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebate amount, or provision made therefor satisfactory to the Trustee, will be distributed to the Bond Bank.

**Investment of Money**

Subject to the right of the Bond Bank to direct the investment or deposit of funds under the Indenture, moneys in any Fund or Account (except the Redemption Account) will be continuously invested or reinvested or by the Trustee in Investment Securities. Any moneys in the Redemption Account will be invested only in Governmental Obligations as directed by the Bond Bank. Any moneys in the Rebate Fund will be invested as directed by the Bond Bank from time to time. All such investments will at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and all Investment Earnings on such investments will be deposited as received in the General Account, except for (a) income and profits on investment of funds in the Rebate Fund which will remain in the Rebate Fund and (b) Investment Earnings on investment of funds in the
Debt Service Reserve Fund, which will remain in the respective Accounts of the Debt Service Reserve Fund until the balance in such Fund or Account equals the applicable Debt Service Reserve Requirement. Any investment losses will be charged to the Fund or Account (including the Rebate Fund) in which moneys used to purchase such investment had been deposited.

In computing the amount in any Fund or Account held under the provisions of the Indenture, except the Debt Service Reserve Fund, Investment Securities having a stated maturity of less than two (2) years will be valued at the cost thereof (including in such cost accrued interest paid and unamortized debt discount) and all other Investment Securities will be valued at the cost thereof (including in such cost accrued interest paid and unamortized debt discount or market price thereof, whichever is lower exclusive of accrued interest earned). Securities covered by repurchase agreement will be valued at the market value of the collateral securing the repurchase agreement. In computing the amount in the Debt Service Reserve Fund and compliance with the Debt Service Reserve Requirement, Investment Securities will be valued at Fair Market Value and marked to market at least once per year. Debt Service Reserve Fund investments may not have maturities extending beyond five (5) years, except investment agreements or repurchase agreements approved by the Bond Insurer.

Except for taxable Bonds issued under the Indenture, the Bond Bank will (a) certify to the owners of the Bonds from time to time outstanding that moneys on deposit in any Fund or Account in connection with the Bonds or in the Rebate Fund, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Bonds to become includable in gross income for federal tax purposes and (b) covenant with the owners of the Bonds from time to time outstanding that, so long as any of the Bonds remain outstanding, moneys on deposit in any Fund or Account established in connection with the Bonds or in the Rebate Fund, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in any manner which will cause the interest on the Bonds to become includable in gross income for federal tax purposes under the Code.

**Additional Bonds**

Additional Bonds may be issued from time to time only for the purchase of Additional Qualified Obligations, including, but not limited to, Refunding Qualified Obligations, issued by a Qualified Entity and payable from Revenues on a parity with the Bonds or to refund all or a portion of the outstanding Bonds. Any Additional Bonds will be authorized by a supplemental indenture, will be secured by the supplemental indenture and will be equally and ratably payable from the Trust Estate.

**Covenants of Bond Bank**

The Bond Bank covenants, among other things, that:

(a) it will faithfully perform all provisions contained in each Bond and the Indenture and will promptly pay or cause to be paid, (solely from the Trust Estate) the principal of and interest on every Bond on the dates and at the places and in the manner stated in the Bonds;

(b) it is duly authorized under the constitution and laws of the State of Indiana, including particularly the Act, to issue the Bonds and to pledge the Revenues and all other property as pledged in the Indenture;

(c) it will do all acts and things necessary to receive and collect Revenues (including enforcement of the prompt collection of all arrears on Qualified Obligation Payments) and to protects its rights with respect to or to maintain any insurance on the Qualified Obligations;
(d) it will promptly do, execute, acknowledge and deliver all indentures supplemental to the Indenture and to take all action deemed advisable and necessary by the Trustee for the better securing of the Bonds;

(e) all books and documents in its possession relating to the Qualified Obligations will at all times be open to inspection by the Trustee and the owners of an aggregate of not less than five (5%) percent in principal amount of the Bonds then outstanding or their representatives duly authorized in writing;

(f) it will maintain proper books of records and accounts and: (i) within 210 days of each Fiscal Year, file with the Trustee a copy of an annual report and audited financial statements; and (ii) provide to the Trustee copies of all reports filed with the Bond Bank pursuant to the Qualified Entity Purchase Agreement;

(g) it will not (i) permit or agree to any material change in any Qualified Obligation or (ii) sell or dispose of any Qualified Obligations unless it provides a Cash Flow Certificate to the Trustee. The Bond Bank will (i) enforce remedies available to owners of Qualified Obligations and (ii) pursue applicable remedies set forth in Indiana Code 5-1.4-8-4, to the extent such action would not adversely affect the validity of the Qualified Obligations;

(h) prior to the beginning of the Fiscal Year prepare and file with the Trustee a preliminary budget for the succeeding Fiscal Year; and

(i) it will review regularly the investments held by the Trustee in the Funds and Accounts.

**Tax Covenants**

In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds, the Bond Bank represents, covenants, and agrees that the Bond Bank will take no action nor 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 the Bonds under Section 103 of the Code, nor will it act in any other manner which would adversely affect such exclusion and it will not make any investment or do any other act or thing during the period that the Bonds are outstanding which would cause any of the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the Series of Bonds. These tax covenants are based solely on current law in effect and in existence on the date of issuance of the Bonds. It will not be an event of default under the Indenture if interest on any Series of Bonds is not excludable from gross income pursuant to any provision of the Code which is not in existence and in effect on the issue date of such Bonds. The Bond Bank will also rebate any necessary amounts to the United States of America to the extent required by the Code.

Notwithstanding any provision of the Indenture to the contrary, the Bond Bank may elect to issue a Series of Bonds, the interest on which is not excludable from gross income for federal tax purposes, so long as such election does not adversely affect the exclusion from gross income of interest for federal tax purposes on any other Series of Bonds, by making such election on the date of delivery of such Series of Bonds. In such case, the tax covenants in the Indenture will not apply to such Series of Bonds.

**Default and Remedies**

Events of Default under the Indenture include: (i) failure to punctually pay the principal of or interest on any of the Bonds; (ii) occurrence of certain events of bankruptcy or insolvency of the Bond
Bank; (iii) default in the performance or observance of any other of the covenants, agreements or conditions by the Bond Bank under the Indenture and the continuance of such default for ninety (90) days after receipt of written notice pursuant to the Indenture; (iv) failure to remit to the Trustee any moneys required to be remitted under the Indenture; (v) any warranty, representation or other statement is found to be false or misleading, when made, in any material respect and failure to remedy the same for ninety (90) days after receipt of written notice; and (vi) the Bond Bank for any reason will be rendered incapable of fulfilling its obligations under the Indenture.

Upon the occurrence of one or more events of default, the Trustee may, and will upon written request of the holders of at least twenty-five percent (25%) in principal amount of the Bonds then outstanding, pursue any available remedy by suit at law or in equity, whether for specific performance of any covenant or agreement contained in the Indenture or in aid of any power granted therein, to the extent permitted by law, the appointment of a receiver.

No holder of any of the Bonds will have the right to institute any proceeding in law or in equity, or for the appointment of a receiver, or for any other remedy under the Indenture without complying with the provisions of the Indenture.

**Remedies.** In case of an event of default under the Indenture, the Trustee will proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by a suit, action or proceeding in equity or at law or otherwise. The Trustee will be entitled to the appointment of a receiver of the Trust Estate and the Revenues.

**Acceleration.** If the Trustee certifies that there are sufficient moneys on deposit in the Funds and Accounts established under the Indenture to pay the principal of and accrued interest on all outstanding Bonds, the Trustee may by notice, in writing, to the Bond Bank and Corporation Counsel of the City, declare the principal of all the outstanding Bonds, and the interest accrued thereon, to be due and payable immediately.

**Application of Collection Proceeds.** The proceeds of any collection efforts will be deposited in the General Account, and all such moneys in the General Account will be applied by the Trustee as follows:

(i) To the payment of costs and expenses of suit, if any, and of the expenses, liabilities and advances incurred or made under the Indenture by the Trustee and any other moneys owed to the Trustee; then

(ii) Unless the principal of all Bonds shall have become due and payable, in the following order to the payment of (a) interest then due on the Bonds, including interest on overdue principal of the Bonds; (b) principal then due of the Bonds; and (c) principal of and interest on Bonds thereafter due either at maturity or upon call for redemption; then

(iii) If the principal of all of the Bonds shall have become due and payable, all of such moneys shall be applied to the payment of unpaid principal and interest on the Bonds; then

(iv) To payment of the Bond Insurer of any amounts due.

Whenever moneys are to be so applied, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest
Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall establish a special record date for such payments and shall mail, at least fifteen (15) days prior to such special record date, such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment of principal to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid and all expenses and charges of the Trustee have been paid any balance remaining in the General Fund will be paid as provided in the Article VI of the Indenture.

**Supplemental Indentures**

**Supplemental Indentures Not Requiring Bondholder Consent.** The Bond Bank and the Trustee may, with notice to the Bond Insurer and without the consent of or notice to any of the holders of the Bonds, enter into supplemental indentures (i) to cure any ambiguity or formal defect or omission in the Indenture; (ii) to grant to the Trustee for the benefit of such holders any additional benefits, rights, remedies, powers or authorities that may be lawfully granted; (iii) to subject to the pledge of the Indenture additional revenues, security, properties or collateral; (iv) to amend the Indenture or any supplemental indenture to permit qualification under the Trust Indenture Act of 1939, as amended; (v) to evidence the appointment of a separate or co-trustee or the succession of a new trustee, registrar, or paying agent; (vi) to provide for the issuance of each additional series of Bonds permitted by the Indenture; (vii) to provide for the issuance of each additional series of Bonds permitted by the Indenture; (viii) to permit compliance with any future federal tax law; and (ix) for any other purpose which the Trustee, in its sole discretion, determines will not have a material adverse effect on the interests of the owners of the Bonds; provided, however, that the Bond Bank and the Trustee will make no amendment permitting the purchase of obligations other than Additional Qualified Obligations.

**Supplemental Indentures Requiring Bondholder Consent.** With the consent of the Bond Insurer so long as the Bond Insurance Policy is in effect or the owners of not less than a majority of the aggregate principal amount of Bonds outstanding which are affected (exclusive of bonds held by the Bond Bank), the Bond Bank and the Trustee may from time to time enter into a supplemental indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture will without the consent of the owners of all of the outstanding Bonds: (i) extend the maturity of any Bond; (ii) change the rate of interest thereon, reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof; (iii) permit a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (iv) permit a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture; (v) permit the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds outstanding under the Indenture; or (vi) permit any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

**Defeasance**

The covenants, liens and pledges entered into, created and pursuant to the Indenture may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

(i) By paying all of the principal, premium, if any, and interest on the Bonds, when the same become due and payable;
(ii) By depositing with the Trustee in the manner provided by the Indenture and for such purpose, at or before the date or dates of maturity or redemption, moneys in the necessary amount to pay or redeem all of the Bonds and the premium, if any, and interest thereon accrued to the date of payment;

(iii) By depositing with the Trustee and for such purpose, at or before the dates of maturity or redemption, noncallable or nonprepayable Governmental Obligations in an amount sufficient, including any income or increment to accrue thereon, but without the necessity of any reinvestment, to pay or redeem all the Bonds and the interest thereon accrued to the date of payment in accordance with their terms; or

(iv) By depositing with the Trustee for such purpose a combination of such moneys and Governmental Obligations and all fees and expenses of the Trustee.

Upon such complete discharge and satisfaction with the consent of the Bond Insurer, the Indenture will cease, terminate and be void.

Upon the deposit with the Trustee money or Governmental Obligations in the amount as described above, provided that if the Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture, or such provisions satisfactory to the Trustee have been made for the giving of such notice, the Indenture may be discharged in accordance with the provisions of the Indenture, but the limited liability of the Bond Bank with respect to the Bonds to be redeemed will continue, provided that the owners thereof will thereafter be entitled only to payment out of the money or Governmental Obligations deposited with the Trustee for their payment.

**Bond Insurance**

As long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default of its payment obligation under the Bond Insurance Policy, the Bond Insurer will be deemed the exclusive owner of the Series 2010 F Bonds for the purpose of (i) execution and delivery of any amendment, modification, supplement or change of the Indenture or the Bond Ordinance requiring bondholder consent, or (ii) the direction or right to consent to any action or remedy to be undertaken by the Trustee at the request of the owners of the Series 2010 F Bonds. The Bond Bank is the owner of all the Series 2010 A PILOT Revenue Bonds and agrees that the Bond Insurer will, as long as the Bond Insurance Policy is in effect, be deemed the exclusive owner of the Series 2010 A PILOT Revenue Bonds that correspond to the Series 2010 F Bonds for the purpose of (i) execution and delivery of any amendment, modification, supplement or change of the Indenture or the Bond Ordinance requiring bondholder consent, or (ii) the direction or right to consent to any action or remedy to be undertaken by the Trustee at the request of the owners of the Series 2010 A PILOT Revenue Bonds.

As long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default of its payment obligation under the Bond Insurance Policy, the Bond Insurer, as the deemed owner of the Series 2010 F Bonds, will have the right to direct all remedies if an Event of Default will have occurred with respect to the Series 2010 F Bonds. The Bond Insurer will have the right to institute any suit, action, or proceeding at law or in equity as holders of the Series 2010 F Bonds in accordance with the Indenture. Any acceleration of principal payments on the Series 2010 F Bonds is subject to the prior consent of the Bond Insurer.

On the date of closing, the Bond Bank will enter into the Insurance Agreement which contains additional covenants and obligations of the Bond Bank with respect to the Series 2010 F Bonds.
SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following is a brief description of certain provisions of the Bond Ordinance and does not purport to comprehensively describe that document.

The City of Indianapolis, Indiana (“Qualified Entity”) will issue its PILOT Revenue Bonds, Series 2010 A (“Series 2010 A PILOT Revenue Bonds”) pursuant to the Qualified Entity’s Bond Ordinance. Certain capitalized terms used in this summary are defined at the end of Appendix C.

Source of Payment

The Series 2010 A PILOT Revenue Bonds are revenue obligations of the Qualified Entity payable from the PILOT Revenues.

Establishment of Funds and Accounts

In the Bond Ordinance, the Qualified Entity establishes and creates the following Funds and Accounts and the flow of funds is as follows:

(a) **Bond Principal and Interest Account.** As soon as possible upon receipt by the City of its semiannual PILOT Revenue payment (each, a “Payment”), but in any event not later than the last day of June and December, there will be set aside and paid into the Bond Principal and Interest Account a sufficient amount for the payment of (a) with respect to the interest on the Bonds as such interest shall fall due on the next Interest Payment Date, (b) the necessary fiscal agency charges for paying the principal of and interest on the Bonds due on the next Interest Payment Date, and (c) one half (1/2) of the principal of the Bonds payable on the next principal payment date. Such deposits will continue until such time as the Bond Principal and Interest Account will contain an amount sufficient to pay all of the Bonds then outstanding, together with the interest thereon to the dates of maturity thereof.

(b) **Reserve Account.** On the last day of each calendar month, there will be credited from available PILOT Revenues to the Reserve Account created hereby in amounts sufficient to produce, in equal monthly installments over a sixty (60) month period (commencing upon the date of delivery of the Bonds), an amount equal to the least of (i) the maximum annual debt service on all outstanding Bonds, (ii) one hundred twenty-five percent (125%) of the average annual debt service on all outstanding Bonds, or (iii) ten percent (10%) of the proceeds of the Bonds (the “Debt Service Reserve Requirement”); provided, however, that the City Controller, with the advice of the Financial Advisor, may elect to satisfy all or a portion of the Debt Service Reserve Requirement on the date of delivery of the Bonds from Bond proceeds or other available funds of the City. In addition, the Debt Service Reserve Requirement may be satisfied with cash, a debt service reserve surety bond or a combination thereof. Such credits to the Reserve Account will continue until the balance therein will equal the Debt Service Reserve Requirement. The Reserve Account will constitute the margin for safety as a protection against default in the payment of principal of and interest on the Bonds (and any other parity bonds of the City payable from the PILOT Revenues hereafter issued so long as the Debt Service Reserve Requirement has been increased proportionately), and the moneys in the Reserve Account will be used to pay current principal and interest on the Bonds (and any other parity bonds thereof) to the extent that moneys in the Bond Principal and Interest Account are insufficient for that purpose. The Reserve Requirement may be satisfied and held, in whole or in part, by the Bond Bank pursuant to the terms of the indenture authorizing the issuance of the Bond Bank Bonds, and such amounts will be deemed to be amounts held in the Reserve Account hereby established. Any deficiencies in credits to the Reserve Account will be promptly made up from the next...
available PILOT Revenues remaining after credits into the Bond Principal and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond Principal and Interest Account to pay principal and interest on bonds, then such depletion of the balance in the Reserve Account will be made up from the next available PILOT Revenues after the credits into the Bond Principal and Interest Account hereinbefore provided for. Any moneys in the Reserve Account in excess of the Debt Service Reserve Requirement will be transferred to the Excess Account, and in no event shall such excess moneys be held in the Reserve Account. Funds employed to meet the Debt Service Reserve Requirement, to the extent allocable to the Bonds, will be invested in accordance with the Bond Ordinance.

Notwithstanding anything to the contrary above, the Debt Service Reserve Requirement with respect to the Series 2010 A PILOT Revenue Bonds will be deemed satisfied by the deposit of the Series 2010 Surety Bond in the Debt Service Fund under the Indenture.

c) **Excess Account.** Any remaining PILOT Revenues distributed to the City pursuant to the Act will be deemed excess funds and will be deposited in the Excess Account for appropriation and use as permitted by law. In the event of any deficiency at any time in the Bond Principal and Interest Account for the purposes of paying the interest on or principal of bonds, which by their terms are payable from PILOT Revenues in the Sinking Fund (as defined in the Bond Ordinance), funds may be withdrawn from the Excess Account for deposit into such Bond Principal and Interest Account in the amount of such deficiency.

All funds in such accounts will be segregated and kept separate and apart from all other funds of the City and will be deposited in lawful depositories of the City and continuously held and secured or invested as provided by law. Interest earned in each such account will be credited to such account, except that the amount of funds in the Reserve Account will not exceed the Debt Service Reserve Requirement, and any such excess will be deposited into the Excess Account.

**Investment of Funds and Accounts**

All Funds and Accounts established under the Bond Ordinance will be held, administered and invested in a manner which is permitted by, and consistent with, Indiana law.

**Rate Covenant**

All of the PILOT Revenues distributed to the City pursuant to Indiana Code 36-3-2-10, as amended, deposited into the Sinking Fund will be hereby irrevocably pledged to the payment of the principal of and interest on the Series 2010 A PILOT Revenue Bonds and any other bonds hereafter issued on a parity therewith. So long as the City-County Council has the authority to establish the amount of the PILOT Revenues, the City covenants and agrees that it will establish and maintain sufficient PILOT Revenues to comply with and satisfy all covenants contained in the Bond Ordinance and for the payment of the sums required to be paid into the Sinking Fund by the Bond Ordinance.

**Additional Bonds**

The City reserves the right to authorize and issue additional bonds, payable out of the PILOT Revenues, ranking on a parity with the Series 2010 A PILOT Revenue Bonds, for the purpose of financing the cost of additional projects. The authorization and issuance of parity bonds will be subject to the following conditions precedent:

(a) All interest and principal payments with respect to all bonds payable from amounts that the City receives from the PILOT Revenues have been paid in accordance with their terms.
(b) All required deposits into the Bond Principal and Interest Account and the Reserve Account, if any, have been made in accordance with the provisions of the Ordinance.

(c) Either: (1) the PILOT Revenues distributed to the City pursuant to the Act in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the Bonds are not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of all the then outstanding bonds payable from amounts that the City receives from the PILOT Revenues and the additional parity bonds proposed to be issued; or (2) the PILOT Revenues distributed to the City pursuant to the Act for the first full fiscal year immediately succeeding the issuance of any such bonds ranking on a parity with the Bonds are projected by a certified public accountant to be at least equal to one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of all the then outstanding bonds payable from amounts that the City receives from the PILOT Revenues and the additional parity bonds proposed to be issued.

For purposes of the Bond Ordinance, the records of the City will be analyzed and all showings prepared by a certified public accountant or independent financial adviser employed by the City for that purpose.

(d) The interest on the additional parity bonds will be payable semiannually on the first day of January and July in the years in which interest is payable and the principal of the additional parity bonds shall be payable on the same dates as the bonds in the years in which principal is payable.

Except as otherwise provided in the Bond Ordinance, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the PILOT Revenues distributed to the City pursuant to the Act shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds, unless all of the Bonds are redeemed and retired coincidentally with the delivery of such additional bonds or other obligations, or as provided in Section 17 hereof, funds sufficient to effect such redemption are available and set aside for that purpose at the time of issuance of such additional bonds.

**Defeasance**

If, when the Series 2010 A PILOT Revenue Bonds or any portion thereof will have become due and payable in accordance with their terms or will have been duly called for redemption or irrevocable instructions to call the Series 2010 A PILOT Revenue Bonds or a portion thereof will have been given, and the whole amount of the principal and the interest so due and payable upon such Series 2010 A PILOT Revenue Bonds or any portion thereof then outstanding will be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys for such purpose, will be held in trust for such purpose, then and in that case the Series 2010 A PILOT Revenue Bonds or such portion thereof issued will no longer be deemed outstanding or an indebtedness of the Sanitary District.

**Tax Covenants**

In order to preserve the excludability from gross income of interest on the Series 2010 A PILOT Revenue Bonds under federal law and as an inducement to the purchasers of the Series 2010 A PILOT Revenue Bonds, the Qualified Entity represents, covenants, and agrees that, among other things, the Qualified Entity will take no action nor fail to take any action with respect to the Series 2010 A PILOT
Revenue Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Series 2010 A PILOT Revenue Bonds under Section 103 of the Code, nor will it act in any other manner which would adversely affect such exclusion. The tax covenants are based solely on current law in effect and in existence on the date of issuance of the Series 2010 A PILOT Revenue Bonds.

Amendments

Supplemental Ordinances Requiring Consent of Owners. The Bond Ordinance, and the rights and obligations of the City and the owners of the Revenue Bonds may be modified or amended at any time by supplemental ordinances adopted by the City-County Council with the consent of the owners of the Revenue Bonds holding at least sixty percent (60%) in aggregate principal amount of the outstanding Revenue Bonds (exclusive of Revenue Bonds, if any, owned by the City); provided, however, that no such modification or amendment will, without the express consent of the owners of the Revenue Bonds affected, reduce the principal amount of any Revenue Bond, reduce the interest rate payable thereon, advance the earliest redemption date, extend its maturity or the times for paying interest thereon, permit a privilege or priority of any Revenue Bond or Revenue Bonds over any other Revenue Bond or Revenue Bonds, create a lien securing any Revenue Bonds other than a lien ratably securing all of the Bonds outstanding, or change the monetary medium in which principal and interest are payable, nor shall any such modification or amendment reduce the percentage of consent required for amendment or modification to the Bond Ordinance.

Supplemental Ordinances Not Requiring Consent of Owners. The Qualified Entity from time to time and at any time, may adopt a supplemental Ordinance for any one or all of the following purposes, without the consent of the owners of any outstanding Revenue Bonds:

(i) to cure any ambiguity or formal defect or omission in the Bond Ordinance;

(ii) to grant to or confer upon the owners of the Revenue Bonds any additional benefits, rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the owners of the Revenue Bonds, or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the Revenue Bonds;

(iii) to modify, amend or supplement the Bond Ordinance to permit the qualification of the Revenue 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;

(iv) to provide for the refunding or advance refunding of the Revenue Bonds;

(v) to procure a rating on the Revenue Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the Revenue Bonds; and

(vi) Any other purpose which does not adversely impact the interests of the owners of the Revenue Bonds.
DEFINITIONS

The following definitions apply throughout this Official Statement.

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

“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 hereof and any Supplemental Indenture.

“Additional Qualified Obligations” means Qualified Obligations which are payable from PILOT Revenues on a parity with the Series 2010 A PILOT Revenue Bonds, issued by the City and purchased by the Bond Bank with a portion of the proceeds of a Series of Bonds.

“Authorized Officer” means the Chairperson, Vice Chairperson 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 Bank” means The Indianapolis Local Public Improvement Bond Bank, an entity created pursuant to the Act by, but separate from, the City in its corporate capacity or any successor to its functions.

“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.

“Bond Insurance Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2010 F Bonds when due.

“Bond Insurer” means Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (“AGM”), a New York domiciled financial guaranty insurance company, or any successor thereto or assignee thereof.

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

“Bond Ordinance” means Ordinance No. 5-2010, adopted by the City-County Council on May 17, 2010, authorizing the issuance of the Series 2010 A PILOT Revenue Bonds.

“Bond Year” means the twelve- (12-) month period beginning January 2 and ending January 1.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or “Registered Owner” 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.

“Bonds” means any of The Indianapolis Local Public Improvement Bond Bank Bonds issued pursuant to this Indenture and any Supplemental Indenture, including, but not limited to, the Series 2010 F Bonds.
“Book Entry System” means the book entry system established and operated pursuant to the Indenture.

“Business Day” means any day other than a Saturday, a Sunday or legal holiday, or a day on which banking institutions in Indianapolis, Indiana, or New York, New York, are authorized by law or executive order to close, or a day on which the Federal Reserve Bank is closed.

“Capitalized Interest Account” means the account by that name created by the Indenture.

“Cash Flow Certificate” means a certificate prepared by an accountant or a firm of accountants in accordance with Section 5.09 hereof concerning anticipated Revenues and payments.

“City” means the City of Indianapolis, Indiana.

“City-County Council” means the City-County Council of the City of Indianapolis and of Marion County, Indiana.

“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 or published rulings, or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

“Combined Average Annual Principal and Interest Requirements” means the average annual amount of principal and interest on all Bonds which have a claim for payment on the Bond Bank Common Reserve Account. If the Bond Bank enters into a Hedge Agreement with respect to any such Series of Bonds bearing interest at a variable rate, the Bond Bank may provide in a Supplemental Indenture, that the rate of interest used in the foregoing sentence with respect to such Bonds shall be a rate equal to either (i) the rate taking into account payments under the Hedge Agreement; or (ii) the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Bonds is accepted by the Bond Bank or if such index is no longer published, such other securities index as the Bond Bank reasonably selects.

“Common Reserve Requirement” means at any time the least of (i) the Combined Maximum Annual Principal and Interest Requirements, (ii) 125% of the Combined Average Annual Principal and Interest Requirements, or (iii) 10% of the aggregate proceeds of the Bonds.

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

“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 and surety bond 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, underwriters' 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.

“Debt Service” means principal of, redemption premiums, if any, and interest on the Bonds.

“Debt Service Reserve Fund” means the Fund by that name created by the Indenture.

“Debt Service Reserve Requirement” shall mean the Common Reserve Requirement and any Series Reserve Requirement.

“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.

“Direct-Pay Bond” means the Series 2010 F Bonds.

“Event of Default” means any occurrence or event specified in Section 10.01 hereof.

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

“Fiscal Year” means the twelve- (12-) month period from January 1 through the following December 31.

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

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

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

“Governmental Obligations” means unless provided otherwise in a Supplemental Indenture:
(i) 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 (ii) 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 (a) are unconditionally guaranteed or insured by the United States of America, or (b) are provided for by an irrevocable deposit of securities described in clause (i) of this paragraph 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 Trust Indenture dated as of July 1, 2010 between the Bank and the Trustee.
“Interest Payment Date” means any date on which interest is payable on a series of Bonds as provided in a Supplemental Indenture and, for the Series 2010 F Bonds, means each January 1 and July 1, commencing on July 1, 2011.

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

“Investment Securities” means, unless otherwise provided in a Supplemental Indenture, 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 association and mutual savings bank, including the Trustee, each fully insured by the Federal Deposit Insurance Corporation; (iv) bankers’ acceptances or certificates of deposit, savings accounts, deposit accounts or depository receipts 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 (as opposed to 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 and S&P; (v) commercial paper rated at the time of purchase in the single highest full classification by Moody’s and S&P and which matures not more than two hundred 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), (iii) or (v) above or issued by entities rated in the single highest full classification by Moody’s and S&P when such agreement was entered into; (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 that, underlying securities are required by the repurchase agreement to be continuously maintained at a market value not less than the amount so invested; and (viii) shares of a money market mutual fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, or units of a common trust fund, which is rated by Moody’s or S&P in one of the two highest categories assigned by such Rating Agencies to obligations of that nature.

“Issue Date” means, for a series of Bonds, the date of delivery to the purchaser thereof, and for the Series 2010 F Bonds, shall mean August 12, 2010.

“Mandatory Sinking Fund Requirements” means the principal amount of Term Bonds which are required to be redeemed by mandatory sinking fund redemption, in the principal amounts, at the prices and on the dates as set forth in this Indenture with respect to the Series 2010 F Bonds or the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Moody’s” means Moody’s Investors Service or any successor thereof which qualifies as a “Rating Agency” hereunder.

“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 this 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 this Indenture or Bonds held for resale, including Bonds held by the Bond Bank, except:

Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

Bonds deemed paid under Article IX of the Indenture; and

Bonds in lieu of which other Bonds have been authenticated under Section 3.05, 3.06 or 3.10 or under any Indenture.

“Paying Agent” means initially Wells Fargo Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or any other successor thereto.

“PILOT Revenues” has the meaning ascribed thereto in the Bond Ordinance.

“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 this Indenture.

“Program Expenses” means all of the Bond Bank's expenses in carrying out and administering the Program pursuant to this 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 Contract” means the Bond Purchase Agreement for the Series 2010 F Bonds between the Bond Bank and the Representative, on behalf of itself and the other underwriters of the Series 2010 F Bonds, dated August 5, 2010, the form of which was approved at the meeting of the Board of Directors of the Bond Bank on June 21, 2010.

“Qualified Entity” means the City of Indianapolis, Indiana, and its successors and assigns, a qualified entity under Indiana Code 5-1.4-1-10, as amended from time to time.

“Qualified Obligation” means a "security" (as that term is defined in the Act), including, but not limited to, the Series 2010 A PILOT Revenue Bonds, which will be acquired by the Bond Bank pursuant to the Indenture.
“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 the Qualified Entity to the Bond Bank on the Qualified Entity's Qualified Obligation and any Fees and Charges paid or required to be paid by the Qualified Entity to the Bond Bank under the provisions of any agreement for the purchase and sale of such Qualified Obligations.

“Rating Agency” means any nationally recognized rating agency maintaining a rating on the Bonds at the request of the Bond Bank.

“Rebate Fund” means the Fund by that name created by the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the month of such Interest Payment Date, or such other day designated in any Supplemental Indenture authorizing the issuance of a Series of Bonds.

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

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

“Refunding Bonds” means Bonds issued pursuant to the Indenture or any Supplemental Indenture.

“Refunding Qualified Obligation” means any Qualified Obligation issued to refund any of the Qualified Obligations or another Refunding Qualified Obligation.

“Registrar” means initially Wells Fargo Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto.

“Representative” means, with regard to the Series 2010 F Bonds, Citigroup Global Markets Inc.

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

“S&P” means Standard & Poor's Rating Group, a division of the McGraw-Hill Company, or any successor thereof which qualifies as a “Rating Agency” hereunder.

“Series 2010 A PILOT Revenue Bonds” means the City of Indianapolis, Indiana, PILOT Revenue Bonds, Series 2010, dated the date of issuance and in the original principal amount of One Hundred Fifty-Nine Million Five Hundred Fifteen Dollars ($159,515,000).

“Series 2010 F Bonds” means The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 F (PILOT Infrastructure Project).

“Series 2010 F Term Bonds” means Bonds which are subject to Mandatory Sinking Fund Requirements prior to maturity.
“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“Series Reserve Account” means, with respect to the Series 2010 F Bonds, the Series 2010 Reserve Account as provided in the Indenture and for a Series of Additional bonds a special and separate Series Reserve Account with the Debt Service Reserve Fund as may be established by a Supplemental Indenture.

“Series Reserve Requirement” means, with respect to the Series 2010 F Bonds, maximum annual debt service on the Series 2010 F Bonds, and for a Series of Additional bonds the amount, if any, established by a Supplemental Indenture as the reserve requirement.

“State” means the State of Indiana.

“Subsidiary Payments” shall mean any amounts payable by the United States Treasury to the Bond Bank (or to the Trustee for the benefit of the Bond Bank) under Section 5431 of the Code with respect to any interest payments under any Direct-Pay Bonds.

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

“Surety Bond” means the Reserve Fund Credit Instrument to be deposited in the Debt Service Reserve Fund to satisfy the Debt service Reserve Requirement with respect to the Series 2010 F Bonds.

“Trustee” means initially Wells Fargo Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto.

“Trust Estate” means the property, rights, moneys and amounts pledged and assigned to the Trustee pursuant to the granting clauses hereunder.
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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT
CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made this 12th day of August, 2010, between THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK (the “Promisor”) and WELLS FARGO BANK, N.A., as counterparty (the “Counterparty”), for the benefit of EACH BONDHOLDER (as hereinafter defined) (each, a “Promisee”) and for the purpose of permitting the underwriters (collectively, the “Underwriters”) listed in the Bond Purchase Agreement, dated August 5, 2010, between the Promisor and Citigroup Global Markets Inc., on behalf of itself and the other Underwriters, to purchase The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 F (PILOT Infrastructure Project), in the aggregate principal amounts of $159,515,000 (the “Bonds”), issued pursuant to the Trust Indenture, dated as of July 1, 2010 (the “Indenture”), between the Promisor and Wells Fargo Bank, N.A., as trustee (the “Trustee”), in compliance with Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended.

WITNESSETH THAT:

WHEREAS, 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, pursuant to the Qualified Entity Purchase Agreement, dated August __, 2010 (the “Purchase Agreement”), between the Promisor and the City of Indianapolis (the “City”), the City has sold its PILOT Revenue Bonds, Series 2010A (the “Series 2010 Qualified Obligations”), to the Bond Bank, and the Series 2010 Qualified Obligations shall secure the payment of the Bonds; and

WHEREAS, the City adopted an ordinance on May 17, 2010 establishing certain payments in lieu of taxes to be paid to the City by the Sanitary District and upon consummation of the Proposed Acquisition and has pledged a portion of these PILOTs, the PILOT Revenues, for payment of principal and interest on the Series 2010 Qualified Obligations; and

WHEREAS, the Rule 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 City and the Sanitary District are obligated persons (as defined in the Rule), because the PILOT Revenues securing the Series 2010 F Bonds are the only source of funds pledged to pay the principal and interest due under the Series 2010 Qualified Obligations (other than funds held under the Indenture), and the payments due under the Series 2010 Qualified Obligations are the only source of funds (other than funds held under the Indenture) pledged to pay the principal and interest due on the Bonds; and
WHEREAS, the City and the Sanitary District are the only obligated persons (as defined in the Rule) with respect to the Bonds;

WHEREAS, the Promisor desires to enter into this Agreement and the City and the Sanitary District desire to acknowledge this Agreement in order to assist the Underwriters in complying with the Rule; and

WHEREAS, any Promisee shall, by its payment for and acceptance of any Bond, accept and assent to this Agreement and the exchange of (1) such payment and acceptance for (2) the promises of the Promisor and the City and the Sanitary District 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 and the Counterparty hereby agree as follows:

Section 1. Definitions. The terms defined herein, including the terms defined above and in this Section, 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) “City” shall mean the City of Indianapolis, Indiana.

(d) “Final Official Statement” shall mean the Official Statement, dated August 5, 2010, relating to the Bonds, including any document included therein by specific reference, which is available to the public on the MSRB’s Internet Web site or filed with the Commission.

(e) “Fiscal Year” of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.

(f) “MSRB” shall mean the Municipal Securities Rulemaking Board.

(g) “Obligated Person” shall mean any person who is either generally or through an enterprise, fund or account of such person committed by agreement 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) “Sanitary District” shall mean the Sanitary District of the City of Indianapolis, Indiana or any successor thereto.

(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. The Promisor hereby represents and warrants that, as of the date hereof:

(a) The Promisor is the issuer of the Bonds, and the only Obligated Persons with respect to the Bonds are the City and the Sanitary District; and

(b) Except as may be disclosed in the Official Statement, there have been no instances in the five (5) years prior to the date of the Final Official Statement, in which the Promisor, with respect to the Obligated Person, failed to comply, in all material respects, with any previous undertakings in a written Agreement 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 the Obligated Person, the following to the Counterparty and the MSRB in an electronic format as prescribed by the MSRB:

(i) When and if available, the audited comprehensive annual financial report of the City and the Sanitary District for each twelve (12) month period ending December 31, beginning with the twelve (12) month period ending December 31, 2010, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants;

(ii) Within 210 days of each December 31, beginning with the calendar year ending December 31, 2010, unaudited annual financial information for the City and the Sanitary District for such calendar year (the “Annual Financial Information”), including: (A) unaudited financial information of the City and the Sanitary District, respectively, if audited financial statements are not available; and (B) the financial information and operating data with respect to the City and the Sanitary District of the type included in Appendix A to the Final Official Statement, including, without limitation, the tables set forth in Appendix A (A) with respect to the City, under the captions: Population, Employment, Annual Average Unemployment Rate, Employment by Industry, Top Employers, Comparable Sewer Rates, Assessed Valuation and Taxes and Property Taxes Levied and Collected; and (B) with respect to the Sanitary District, under the captions: Customer Base, City of Indianapolis-Department of Public Works Sewer User Rates, Annual Operating and Maintenance Expenditures, Largest Sanitary District Customer, and Capital Improvement Plan.

(iii) In a timely manner, notice of any of the following events with respect to the Bonds or the Series 2010 Qualified Obligations, 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, notice of a failure of the Obligated Person to provide required Annual Financial Information or audited financial statements on or before any of the dates specified in this Agreement.

(b) Any financial statements of the Obligated Persons provided pursuant to subsection (a)(i) above 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 available to the public on the MSRB’s Internet Web site or filed with the Commission.

(d) If any Annual Financial Information otherwise required by subsection (a)(ii) above 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.

(e) All documents provided to the MSRB under this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. Notice to Counterparty. The Promisor hereby agrees to provide to the Counterparty a copy of any Annual Financial Information, audited financial statements, material event notice or notice of failure to disclose Annual Financial Information, which it files or causes to be filed under Section 4(a) hereof, concurrently with or prior to such filing.

Section 6. Use of Agent. The Promisor may, at its sole discretion, use an agent (the “Dissemination Agent”) in connection with the dissemination of any information required to be provided by the Promisor pursuant to the terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Promisor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such Dissemination Agent) to the Counterparty and the MSRB. Further, the Promisor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Promisor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

Section 7. 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 each 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 8. Promisees. Each Promisee is an intended beneficiary of the obligations of the Promisor and the Obligated Persons under this Agreement, such obligations create a duty in the Promisor and the Obligated Persons to each Promisee to perform such obligations, and each Promisee shall have the right to enforce such duty.

Section 9. Limitation of Rights. Nothing expressed or implied in this Agreement is intended to give, or shall give, to the Underwriters, the Commission, any broker or dealer, or any other person, other than the Promisor, the Obligated Persons and each Promisee, any legal or equitable right, remedy or claim under or with respect to this Agreement or any rights or obligations hereunder. This Agreement and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, the Obligated Persons and each Promisee.

Section 10. Remedies.

(a) The sole and exclusive remedy for any breach or violation by the Promisor or the Obligated Persons of any obligation of the Promisor or the Obligated Persons under this Agreement shall be the remedy of specific performance by the Promisor or the Obligated Persons of such obligation. No Promisee shall have any right to monetary damages or any other remedy for any breach or violation by the Promisor or the Obligated Persons of any obligation of the Promisor or the Obligated Persons under this Agreement, except the remedy of specific performance by the Promisor or the Obligated Persons of such obligation.

(b) No breach or violation by the Promisor or the Obligated Persons of any obligation of the Promisor or the Obligated Persons under this Agreement shall constitute a breach or violation of or default under the Bonds, the Indenture, the Purchase Agreement or the Series 2010 Qualified Obligations.

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

(d) The Counterparty, upon indemnification satisfactory to it and demand by those persons it reasonably believes to be Promisees, may also pursue the remedy set forth in subsection (a) above only in a court of competent jurisdiction in the County. The Counterparty shall have no obligation to pursue any remedial action in the absence of a valid demand from Promisees and indemnification satisfactory to it.

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

Section 11. Counterparty’s Obligations.

(a) The Counterparty shall have no obligation to take any action whatsoever with respect to information provided by the Promisor or the Obligated Persons under this Agreement, except (i) as set
forth in this Section and (ii) any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement against the Counterparty. Further, except as set forth in this Section, the Counterparty shall have no responsibility to ascertain the truth, completeness, accuracy or timeliness of the information provided as required hereunder by the Promisor or the Obligated Persons, nor as to its sufficiency for purposes of compliance with the Rule or the requirements of this Agreement.

(b) The Counterparty may, at its sole discretion, retain counsel or others with expertise in continuing disclosure matters for the purpose of assisting the Counterparty in making judgments with respect to the scope of its obligations hereunder and compliance therewith.

(c) If the Counterparty has not received the Annual Financial Information by the date which is ten (10) days before the date set forth in Section 4(a)(ii) hereof, the Counterparty shall notify the Promisor and the Obligated Persons, via registered or certified mail, that it has not received such Annual Financial Information. However, a failure by the Counterparty to provide (or any delay in providing) any notice required by this subsection shall not: (i) operate to relieve the Promisor or the Obligated Persons of its obligation to provide the Annual Financial Information in the manner and within the time specified in this Agreement; or (ii) constitute a defense for the Promisor or the Obligated Persons, or the basis for any claim, counterclaim, cross-claim or third-party claim by the Promisor or the Obligated Persons, in any action brought pursuant to Section 10 hereof or otherwise. Nothing contained in this subsection shall operate to grant any additional rights or remedies to any Promisee.

(d) The Counterparty shall be obligated to, and hereby agrees that it will, on the fifth business day after the date required by Section 4(a)(ii) hereof, forward to the Promisor, the Obligated Persons and the MSRB in an electronic format as prescribed by the MSRB, notice of failure by the Promisor to provide the Annual Financial Information or audited financial statements, in the event that the Counterparty has not received a copy of such Annual Financial Information or audited financial statements; provided, however, that the Counterparty shall not give such notice as described in this subsection and subsection (c) above, if the Promisor has provided the Counterparty with notice that the Promisor has issued notice pursuant to Section 4(a)(iv) hereof.

Section 12. Resignation and Removal of Counterparty. The Counterparty may resign in its capacity under this Agreement at any time by giving written notice thereof to the Promisor and the Obligated Persons. So long as the Promisor has not failed to honor its obligations as set forth in Section 4 hereof, the Promisor may remove the Counterparty in its capacity under this Agreement at any time by giving written notice thereof to the Counterparty and the Obligated Persons. Upon such resignation or removal, the Promisor shall promptly appoint a successor Counterparty.

Section 13. Waiver. Any failure by any Promisee to institute any suit, action or other proceeding for any breach or violation by the Promisor or the Obligated Persons of any obligation of the Promisor or the Obligated Persons under this Agreement, within three hundred sixty (360) days after the date such Promisee first has knowledge of such breach or violation, shall constitute a waiver by such Promisee of such breach or violation and, after such waiver, no remedy shall be available to such Promisee for such breach or violation.

Section 14. Limitation of Liability. The obligations of the Promisor and the Obligated Persons under this Agreement are special and limited obligations of the Promisor and the Obligated Persons, payable solely from the trust estate under the Indenture. The obligations of the Promisor and the Obligated Persons under this Agreement are not and shall never constitute a general obligation, debt or liability of the Promisor, the Obligated Persons 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, the Obligated Persons 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, the Obligated Persons or the State, or any political subdivision thereof.

Section 15. Immunity of Officers, Directors, Trustees, Members, Employees and Agents. No recourse shall be had for any claim based upon any obligation in this Agreement against any past, present or future officer, director, trustee, member, employee or agent of the Promisor or the Obligated Persons, as such, either directly or through the Promisor or the Obligated Persons, under any rule of law or equity, statute or constitution.

Section 16. Amendment of Obligations. The Promisor and the Counterparty may, from time to time, amend any obligation of the Promisor or the Counterparty under this Agreement, without notice to or consent from any Promisee, 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 the Obligated Persons, or type of business conducted, (ii) this Agreement, 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 Promisee, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor or the Obligated Persons (such as the Trustee) or (B) an approving vote of the holders of the Bonds pursuant to the terms of the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 17. Assignment and Delegation. Neither the Counterparty nor any Promisee may, without the prior written consent of the Promisor, assign any of its rights under this Agreement to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Agreement 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 the Promisees to assume such rights or obligations.

Section 18. 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, the Counterparty or the Obligated Persons, shall be provided, delivered or otherwise given to the Promisor, the Counterparty or the Obligated Persons at the following addresses:

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

If to the Counterparty: Wells Fargo Bank, N.A.
300 North Meridian Street, Suite 1600
Indianapolis, Indiana 43204
Attention: Corporate Trust
(or at such other address as the Promisor, the Counterparty or the Obligated Persons may, by notice to the MSRB, provide), or, if such other person is not the Promisor, the Counterparty or the Obligated Persons, 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 Agreement, 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 19. Knowledge. For purposes of this Agreement, each Promisee shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor or the Counterparty to the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee was a Promisee at the time such information, datum, statement or notice was so provided.

Section 20. Performance Due on other than Business Days. If the last day for taking any action under this Agreement 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 Agreement.

Section 21. Waiver of Assent. Notice of acceptance of or other assent to this Agreement by each Promisee is hereby waived.

Section 22. Governing Law. This Agreement 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 23. Severability. If any portion of this Agreement 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 Agreement shall not be affected, and this Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 24. Rule. This Agreement is intended to be an agreement or contract in which the Promisor and the Obligated Persons have undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Agreement is not such an agreement or contract, this Agreement 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 Agreement to be such an agreement or contract.

Section 25. **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 Agreement as a whole and not to any particular section, subsection, clause or other portion of this Agreement.

Section 26. **Captions.** The captions appearing in this Agreement are included herein for convenience of reference only and shall not be deemed to define, limit or extend the scope or intent of any rights or obligations under this Agreement.
IN WITNESS WHEREOF, the Promisor and the Counterparty have caused this Agreement to be executed on the date first above written.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK, as Promisor

By: _________________________________________
Briane M. House, Chairperson

Attest:

By: _________________________________________
Deron S. Kintner, Executive Director

WELLS FARGO BANK, N.A., as Counterparty

By: _________________________________________

Printed: ______________________________________

Title: ________________________________________

Attest:

By: _________________________________________

Printed: ______________________________________

Title: ________________________________________
ACKNOWLEDGEMENT

Acknowledged and agreed by the City of Indianapolis, Indiana and the Sanitary District of the City of Indianapolis, Indiana, each as an Obligated Person under this Agreement, to provide timely the information required by Section 4 hereof to the Promisor.

THE CITY OF INDIANAPOLIS, INDIANA

By: ________________________________
    Gregory A. Ballard, Mayor

Attest:

By: ________________________________
    [NAME, TITLE]

THE SANITARY DISTRICT OF THE CITY OF INDIANAPOLIS, INDIANA

By: ________________________________
    [NAME, TITLE]
APPENDIX E

SPECIMEN BOND INSURANCE POLICY
MUNICIPAL BOND
INSURANCE POLICY

ISSUER: 
BONDS: $ in aggregate principal amount of 
Policy No.: -N 
Effective Date: 
Premium: $

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or teledeposition notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.  
(FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

By ____________________________
Authorized Officer

(212) 826-0100

Form 500NY (5/90)