

*In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws, regulations, judicial decisions and rulings, interest on the Series 2007E Bonds (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 2007E Bonds. In the opinion of Bond Counsel under existing laws, regulations, judicial decisions and rulings, interest on the Series 2007E Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS" and Appendix A herein.*

**\$9,910,000**

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

**Dated:** Date of Delivery

**Due:** February 1 and August 1, as shown on inside cover

The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007E (the "Series 2007E Bonds") will be dated the date of delivery; 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 2007E Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2007E 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 2007E Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2007E Bonds. Interest on the Series 2007E Bonds is payable on February 1 and August 1 commencing February 1, 2008. Interest, together with the principal and redemption premium, if any, of the Series 2007E Bonds, will be paid directly to DTC by Hoosier Trust Company, as paying agent (the "Paying Agent") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2007E Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2007E Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described herein under the caption "THE SERIES 2007E BONDS — Book-Entry-Only System."

Payment of principal of and interest on the Series 2007E Bonds, when due, will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Series 2007E Bonds.



The Series 2007E Bonds are issued by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") for the principal purposes of providing funds to: (i) advance refund the outstanding The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2000 D (the "Refunded Bonds"); (ii) purchase the City of Indianapolis Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007A (the "Qualified Obligations") to be issued by the City of Indianapolis (the "City") in Marion County, Indiana (the "County"), for and on behalf of the Redevelopment District of the City (the "District") (the "Qualified Entity"), (iii) purchase a bond insurance policy to insure the Series 2007E Bonds; and (iv) purchase a surety bond policy to fund the Bond Bank Reserve Fund, and (v) pay the costs of issuance of the Series 2007E Bonds. To refund the Refunded Bonds, the proceeds from the sale of the Series 2007E Bonds will be used to provide funds for the payment of: (i) a deposit into the Escrow Fund (as defined hereinafter) for the purpose of refunding the Refunded Bonds; and (ii) a deposit into the Bond Issuance Expense Fund under the Indenture for the purpose of paying the costs of issuance of the Series 2007E Bonds.

Certain Series 2007E Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein under the captions "THE SERIES 2007E BONDS – Mandatory Sinking Fund Redemption" and "Optional Redemption."

The Series 2007E 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 Bond Bank Reserve Fund, as more fully described herein. The Series 2007E Bonds do not constitute a debt, liability or loan of the credit of the State of Indiana or any political subdivision thereof, including the City, the County and the Qualified Entity, under the constitution and laws of the State of Indiana or a pledge of the faith, credit and taxing power of the State of Indiana or any political subdivision thereof, including the City, County and Qualified Entity. The sources of payment of and security for, the Series 2007E 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 Bond Bank Reserve Fund to the Bond Bank Reserve Requirement (as defined herein) in accordance with IC 5-1.4-5. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2007E BONDS — Bond Bank Reserve and the Replenishment Thereof."

A detailed maturity schedule for the Series 2007E Bonds is set forth on the inside cover of this Official Statement.

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 2007E Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriter and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank, the Qualified Entity and the City by the Corporation Counsel for the City and for the Underwriter by its counsel, Bingham McHale LLP, Indianapolis, Indiana. It is expected that the Series 2007E Bonds will be available for delivery to DTC in New York, New York, on or about December 13, 2007.



## MATURITY SCHEDULE

The Series 2007E Bonds shall mature on February 1 and August 1 on the dates and in the principal amounts; and shall bear interest at the rates per annum, all as set forth below:

(Base CUSIP 45528S)

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
2/1/08	\$635,000	4.0000	100.079	XL5
8/1/08	275,000	4.0000	100.400	XM3
2/1/09	280,000	4.0000	100.713	XN1
8/1/09	285,000	4.0000	101.021	XP6
2/1/10	295,000	4.0000	101.283	XQ4
8/1/10	300,000	4.0000	101.571	XR2
2/1/11	305,000	4.0000	101.765	XS0
8/1/11	310,000	4.0000	102.031	XT8
2/1/12	315,000	4.0000	102.021	XU5
8/1/12	320,000	4.0000	102.247	XV3
2/1/13	330,000	4.0000	102.091	XW1
8/1/13	335,000	4.0000	102.275	XX9
2/1/14	345,000	4.0000	102.014	XY7
8/1/14	350,000	4.0000	102.160	XZ4
2/1/15	355,000	4.0000	101.862	YA8
8/1/15	365,000	4.0000	101.975	YB6
2/1/16	370,000	4.0000	101.524	YC4
8/1/16	380,000	4.0000	101.604	YD2
2/1/17	385,000	4.0000	101.065	YE0
8/1/17	395,000	4.0000	101.113	YF7
2/1/21	455,000	4.1250	98.253	YK6

\$810,000 of Term Bonds @ 4.0000% due August 1, 2018, Price 100.000%, CUSIP YG5  
 \$840,000 of Term Bonds @ 4.0000% due August 1, 2019, Price 98.622%, CUSIP YH3  
 \$875,000 of Term Bonds @ 4.1250% due August 1, 2020, Price 99.072%, CUSIP YJ9

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 2007E Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank, the City, the Qualified Entity or the Underwriter. 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 2007E Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which 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 Underwriter. 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, the City or the Qualified Entity or in the information presented herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in the Official Statement. The Underwriter has reviewed the information in the 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 Underwriter does not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriter.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007E 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 SERIES 2007E BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK, THE CITY AND THE QUALIFIED ENTITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE SERIES 2007E BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The statements contained in this Official Statement, including, but not limited to, “APPENDIX C – Financial Report Regarding Qualified Entity” and any other information provided by the Bond Bank, the City or the Qualified Entity 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 City or the Qualified Entity on the date hereof, and the Bond Bank, the City and the Qualified Entity assume no obligation to update any such forward-looking statements.

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**TABLE OF CONTENTS  
OFFICIAL STATEMENT**

INTRODUCTION .....	1
The Financing Plan.....	1
The Series 2007E Bonds .....	1
Security and Sources of Payment for the Series 2007E Bonds .....	2
Bond Insurance and Surety Bond .....	2
The Bond Bank and the Act .....	2
The Official Statement; Additional Information .....	3
THE SERIES 2007E BONDS .....	3
General Description.....	3
Optional Redemption.....	4
Mandatory Sinking Fund Redemption.....	4
Selection of Bonds to be Redeemed .....	5
Notice of Redemption.....	5
Book-Entry-Only System .....	5
Revision of Book-Entry-Only System.....	7
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007E BONDS .....	7
The Series 2007E Bonds Are Limited Obligations .....	7
Bond Bank Reserve Fund and the Replenishment Thereof.....	8
Additional Bond Bank Bonds.....	8
The Qualified Entity and the Qualified Obligations .....	8
Provisions for Payment of the Qualified Obligations .....	9
Additional Qualified Obligations .....	9
Authorization.....	9
Definition of Tax Increment.....	10
Flow of Funds Under the Authorizing Instrument.....	10
Enforcement of the Qualified Obligations.....	10
RISK FACTORS RELATED TO TAX INCREMENT AND THE QUALIFIED OBLIGATIONS .....	11
Tax Increment-Related Risks .....	11
Bond-Related Risks.....	12
PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION.....	12
BOND INSURANCE AND SURETY BOND.....	14
Payment Pursuant to Financial Guaranty Insurance Policy .....	14
Debt Service Reserve Fund Ambac Assurance Surety Bond .....	15
Ambac Assurance Corporation.....	16
Available Information .....	16
Incorporation of Certain Documents by Reference .....	16
PLAN OF FINANCING.....	17
General .....	17
Refunding Program .....	17
Estimated Sources and Uses of Series 2007E Bond Proceeds.....	18
THE BOND BANK.....	18
Powers and Purposes .....	18
Board of Directors of the Bond Bank.....	18
Other Programs; Outstanding Indebtedness .....	19
THE QUALIFIED ENTITY.....	19
General Description.....	19
Currently Outstanding Obligations.....	20
THE CITY OF INDIANAPOLIS AND MARION COUNTY .....	20
Governance.....	20

Recent Developments Regarding City and County Finances .....	20
Economics and Demographics .....	23
LITIGATION .....	24
TAX MATTERS .....	24
ORIGINAL ISSUE DISCOUNT.....	25
AMORTIZABLE BOND PREMIUM.....	26
ENFORCEABILITY OF REMEDIES .....	26
APPROVAL OF LEGAL PROCEEDINGS.....	27
RATINGS.....	27
UNDERWRITING .....	27
SERIES 2007E BONDS AS LEGAL INVESTMENTS .....	28
AGREEMENT WITH STATE.....	28
AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION .....	28
VERIFICATIONS OF MATHEMATICAL COMPUTATIONS.....	28
CONTINUING DISCLOSURE.....	29
MISCELLANEOUS.....	31
APPENDIX A – Form of Approving Bond Counsel Opinion	
APPENDIX B – Summary of Certain Provisions of Certain Legal Documents	
APPENDIX C – Financial Report Regarding Qualified Entity	
APPENDIX D – Specimen of Bond Insurance Policy	
APPENDIX E – Specimen Debt Service Reserve Surety Bond Policy	

# OFFICIAL STATEMENT

**\$9,910,000**

## **The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007E**

### 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 \$9,910,000 aggregate principal amount of Refunding Bonds, Series 2007E (the “Series 2007E Bonds”) to be issued by the Bond Bank. The Series 2007E Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on April 16, 2007, and are issued pursuant to the provisions of a Trust Indenture, dated as of December 1, 2000 (the “2000 Indenture”), between the Bond Bank and Hoosier Trust Company, as successor to The Huntington National Bank (successor to Sky Bank, which succeeded Union Federal Savings Bank of Indianapolis), as trustee (the “Trustee”), as supplemented by a Supplemental Indenture, dated as of December 1, 2007, between the Bond Bank and the Trustee (collectively, the “Indenture”), and the laws of the State of Indiana, including particularly Indiana Code 5-1.4 (the “Act”) and Indiana Code 5-1-5. The Trustee is the Registrar and Paying Agent (“Registrar” or “Paying Agent”) under the Indenture.

#### **The Financing Plan**

The proceeds from the sale of the Series 2007E Bonds will be used to provide funds to: (i) advance refund The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2000 D, dated December 19, 2000, currently outstanding in the aggregate principal amount of \$8,935,000 (the “Refunded Bonds”) issued by the Bond Bank, (ii) purchase the City of Indianapolis Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007A (the “Qualified Obligations”) to be issued by the City of Indianapolis (the “City”) in Marion County, Indiana (the “County”), for and on behalf of the Redevelopment District of the City (the “District”) (the “Qualified Entity”), (iii) purchase a bond insurance policy to insure the Series 2007E Bonds, (iv) purchase a surety bond policy to fund the Bond Bank Reserve Fund; and (v) pay for certain costs of issuance of the Series 2007E Bonds, including Underwriter’s discount. The Qualified Entity will use the proceeds of the Qualified Obligations to refund the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds, Series 2000A and to fund certain additional improvements in the Allocation Areas (as hereinafter defined). See “PLAN OF FINANCING — Sources and Uses of Series 2007E Bond Proceeds.”

The Metropolitan Development Commission of Marion County (the “Commission”), as governing body of the Qualified Entity, adopted Resolution No. 07-B-017 on November 21, 2007 (the “Authorizing Instrument”) authorizing the issuance of the \$9,910,000 City of Indianapolis Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007A (the “Qualified Obligations”) and their sale to the Bond Bank and will enter into a Qualified Entity Purchase Agreement (the “Purchase Agreement”) with the Bond Bank setting forth the terms of the purchase of such Qualified Obligations by the Bond Bank. The Qualified Obligations are obligations of the Qualified Entity payable solely out of Tax Increment (hereinafter defined) and investment earnings on any cash and securities held in any of the funds and accounts established under the Authorizing Instrument (the Qualified Entity’s Trust Estate”).

#### **The Series 2007E Bonds**

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

The Series 2007E Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2007E Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Series 2007E Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Series 2007E Bonds. Interest on the Series 2007E Bonds, together with principal of the Series 2007E 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 2007E Bonds. The final disbursement of such payments to Beneficial Owners of

the Series 2007E Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein. See “THE SERIES 2007E BONDS — Book-Entry-Only System.”

Certain Series 2007E Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein under the caption “THE SERIES 2007E BONDS — Mandatory Sinking Fund Redemption and Optional Redemption.”

### **Security and Sources of Payment for the Series 2007E Bonds**

The Series 2007E Bonds will be issued under and secured by the Indenture. The principal of and interest on any and all of the Series 2007E Bonds, together with any bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2007E Bonds (collectively, the “Bonds”), are payable from those revenues and funds of the Bond Bank which, together with the Qualified Obligations, are pledged pursuant to the Indenture for the benefit of the owners of the Bonds without priority. Neither the faith, credit nor taxing power of the State of Indiana (the “State”) or any political subdivision thereof, including the City, the County, and the Qualified Entity, are pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2007E Bonds. The Series 2007E Bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County or the Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Series 2007E Bonds are issued and secured separately from any other obligations issued by the Bond Bank.

In addition, pursuant to the provisions of Indiana Code 5-1.4-5, the Bond Bank has covenanted to request replenishment of the Bond Bank Reserve Fund by an appropriation of the City-County Council of the City (the “Council”) in the event of a deficiency in the Bond Bank Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2007E BONDS — Bond Bank Reserve Fund and the Replenishment Thereof.”

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

### **Bond Insurance and Surety Bond**

The scheduled payment of principal of and interest on the Series 2007E Bonds when due will be guaranteed under a Financial Guaranty Insurance Policy (the “Policy”) to be issued by Ambac Assurance Corporation (the “Bond Insurer”) concurrently with the delivery of the Series 2007E Bonds. The Bond Insurer also will issue the Surety Bond (as hereinafter defined) concurrently with the issuance of the Series 2007E Bonds to fund the Bond Bank Reserve Requirement. See “BOND INSURANCE AND SURETY BOND.”

Beneficial Owners of the Series 2007E Bonds should be aware that the issuance of the Policy gives the Bond Insurer certain rights, including the sole right to direct remedies with respect to the Series 2007E Bonds in the event of a default. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS — Summary of Certain Provisions of the Indenture.”

### **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 is governed by a Board of five Directors, each appointed by the Mayor of the City. **The Bond Bank has no taxing power.**

Pursuant to the Act, the purpose of the Bond Bank is to buy and sell securities of “qualified entities,” defined in the Act to be the City, the County, any special taxing district located wholly within the County; any entity whose tax levies are subject to review and modification by the 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 Qualified Entity 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 are set forth in Appendix B.

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2006 is filed with and available from the Nationally Recognized Municipal Securities Information Repositories (the “NRMSIRs”). See “AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION” herein.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entity and copies of the Indenture and the Authorizing Instrument 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 2007E BONDS**

### **General Description**

The Series 2007E Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2007E Bonds will be dated as of their date of delivery, anticipated to be December 13, 2007.

Interest on the Series 2007E Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2008 (each an “Interest Payment Date”). The Series 2007E Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth inside the cover page of this Official Statement. Each Series 2007E Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated prior to the closing of business on January 15, 2008, in which event it will bear interest from the date of delivery, or (b) authenticated after the fifteenth day of the calendar month immediately preceding the month of an Interest Payment Date (a “Record Date”), in which event it will bear interest from such Interest Payment Date; provided, however, that if, at the time of authentication of any Series 2007E Bond, interest is in default, such Series 2007E Bond will bear interest from the date to which interest has been paid.

When issued, all Series 2007E 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 2007E Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2007E Bonds, payments of the principal of and interest on the Series 2007E Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the “DTC Participants”) will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2007E Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, “Book-Entry-Only System” under this caption.

If DTC or its nominee is not the registered owner of the Series 2007E Bonds, principal of and premium, if any, on all of the Series 2007E Bonds will be payable at maturity upon the surrender thereof at the delivery office of the Paying Agent. Interest on the Series 2007E Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent one business day before the due date (or, in the case of an owner of Series 2007E Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Paying Agent not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner) to the persons in whose names such Series 2007E

Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such Series 2007E Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Bond Bank shall default in payment of interest due on such Interest Payment Date.

Except as provided under “Book-Entry-Only System,” in all cases in which the privilege of exchanging or transferring Series 2007E Bonds is exercised, the Bond Bank will execute and the Registrar will deliver Series 2007E Bonds in accordance with the provisions of the Indenture. The Series 2007E Bonds will be exchanged or transferred at the principal corporate trust office of the Registrar only for Series 2007E Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2007E Bonds, the Bond Bank, the Registrar and Paying Agent or the Trustee may impose a charge for any applicable tax fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

If any date for payment of principal or interest on the Series 2007E Bonds is not a business day, then such payment will be due on the first business day thereafter with same force and effect as if done on the nominal date for payment and no interest will accrue for the period after such nominal date.

The person in whose name a Series 2007E Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such Series 2007E Bond to the extent of the sum or sums so paid.

### **Optional Redemption**

The Series 2007E Bonds maturing on or after August 1, 2018 are subject to redemption prior to maturity in whole or in part on any date commencing February 1, 2018 at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

### **Mandatory Sinking Fund Redemption**

#### Term Bond due August 1, 2018

The Series 2007E Bonds maturing on August 1, 2018 are subject to mandatory sinking fund redemption on February 1 and August 1 on the dates and in the amounts listed below at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

<u>Date</u>	<u>Amount</u>
February 1, 2018	\$400,000
August 1, 2018	\$410,000 <sup>(1)</sup>

<sup>(1)</sup>Final Maturity

#### Term Bond due August 1, 2019

The Series 2007E Bonds maturing on August 1, 2019 are subject to mandatory sinking fund redemption on February 1 and August 1 on the dates and in the amounts listed below at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

<u>Date</u>	<u>Amount</u>
February 1, 2019	\$415,000
August 1, 2019	\$425,000 <sup>(1)</sup>

<sup>(1)</sup>Final Maturity

Term Bond due August 1, 2020

The Series 2007E Bonds maturing on August 1, 2020 are subject to mandatory sinking fund redemption on February 1 and August 1 on the dates and in the amounts listed below at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

<u>Date</u>	<u>Amount</u>
February 1, 2020	\$435,000
August 1, 2020	\$440,000 <sup>(1)</sup>

<sup>(1)</sup>Final Maturity

**Selection of Bonds to be Redeemed**

If fewer than all of the Series 2007E Bonds shall be called for redemption, the principal amount and maturity of the particular Series 2007E Bonds to be redeemed shall be selected by the Bond Bank, provided that the Series 2007E Bonds shall be redeemed only in whole multiples of \$5,000 principal amount. If the Series 2007E Bonds are held in a book entry only system, the Series 2007E Bonds within a maturity to be redeemed shall be selected by the depository company in such manner as the depository company may determine. If the Series 2007E Bonds are not held in the book entry system, the Registrar shall select the particular Series 2007E Bonds to be redeemed within a maturity by lot in such manner as the Registrar in its sole discretion may deem fair and appropriate. If any of the Series 2007E Bonds are simultaneously subject to both optional and mandatory redemption, the Trustee shall first select by lot the Series 2007E Bonds to be redeemed under the optional redemption provisions.

**Notice of Redemption**

In the case of redemption of the Series 2007E Bonds, notice of the call for any such redemption identifying the Series 2007E Bonds, or portions of fully registered Series 2007E Bonds to be redeemed 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 Series 2007E 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 2007E Bonds. On and after the redemption date specified in the aforementioned notices, such Series 2007E Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) shall not bear interest, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture, and the owners thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption from the funds deposited with the Trustee for the redemption of such Series 2007E Bonds.

**Book-Entry-Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2007E Bonds. The Series 2007E 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 2007E Bond will be issued for each maturity of the Series 2007E Bonds and will be deposited with DTC.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2007E BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2007E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007E Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007E 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 2007E 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 2007E Bonds, except in the event that use of the book-entry system for the 2007E Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007E 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 2007E 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 2007E Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007E 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2007E Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2007E Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Series 2007E 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, any other Fiduciary or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal 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 or the Paying Agent, or any other Fiduciary, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007E Bonds at any time by giving reasonable notice to the Bond Bank or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2007E Bond certificates are required to be printed and delivered to DTC.

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

The information contained in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but none of the Bond Bank, the City, the Qualified Entity or the Underwriters take any responsibility for the accuracy thereof, including any information contained on DTC's website.

In the event that the book-entry system for the 2007E Bonds is discontinued, the Paying Agent will provide for the registration of the Series 2007E Bonds in the name of the Beneficial Owners thereof. The Bond Bank, the Trustee, the Paying Agent and any other Fiduciary would treat the person in whose name any Series 2007E Bond is registered as the absolute owner of such Series 2007E Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary.

### **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 as a clearing agency for the Series 2007E Bonds or the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2007E Bonds, then the Bond Bank and the Trustee, Paying Agent or Registrar will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2007E Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2007E Bonds and to transfer the ownership of each of the 2007E Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2007E Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2007E Bonds will be paid by the Bond Bank.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007E BONDS**

### **The Series 2007E Bonds Are Limited Obligations**

The Series 2007E Bonds, together with any bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2007E Bonds, are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Series 2007E Bonds. The Series 2007E Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the City, the County or the Qualified Entity, under the constitution of the State or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof, including the City, the County or the Qualified Entity. **The Bond Bank has no taxing power.** The sources of payment of, and security for, the Series 2007E Bonds are more fully described below.

Under the Indenture, the Series 2007E Bonds are secured by a pledge to the Trustee of the Qualified Obligations and all other qualified obligations pledged in the future to the Trust Estate by the Bond Bank and all principal and interest payments made or required to be made on the Qualified Obligations (the "Qualified Obligation Payments"), as described herein. In addition, the Indenture pledges to the payment of the Series 2007E Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund and the accounts thereunder, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bond Bank to the Trustee as security under the Indenture, to the extent of any such pledge. Under the Act and Indiana Code 5-1-14-4, such pledge is valid and binding from and after the date of delivery of the Series 2007E Bonds under the Indenture and such Qualified Obligations and the Qualified Obligation Payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

## **Bond Bank Reserve Fund and the Replenishment Thereof**

Pursuant to the Indenture, the Bond Bank has established the Bond Bank Reserve Fund (the "Bond Bank Reserve Fund") as security for the Series 2007E Bonds. The Bond Bank Reserve Requirement (the "Bond Bank Reserve Requirement") is the least of (i) the maximum annual debt service on the Series 2007E Bonds, (ii) one hundred twenty-five percent (125%) of the average annual debt service on the Series 2007E Bonds, or (iii) ten percent (10%) of the proceeds of the Series 2007E Bonds, within the meaning of Section 148 (d) of the Code (as defined herein). The Bond Bank Reserve Requirement will be provided by a Surety Bond to be issued by the Bond Insurer. See "BOND INSURANCE AND SURETY BOND" herein.

In addition, pursuant to the provisions of Indiana Code 5-1.4-5, the Bond Bank has covenanted to request replenishment of the Bond Bank Reserve Fund by an appropriation of the Council in the event of a deficiency in the Bond Bank Reserve Fund. In order to maintain the Debt Service Reserve Requirement, the Council may annually appropriate to the Bond Bank for deposit in the Bond Bank Reserve Fund a sum, certified by the Chair of the Bond Bank to the Council, that is necessary to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement. The Chair of the Bond Bank, before December 1 of each year, is required under the Act and the Indenture to make and deliver to the Council a certificate stating the sum required to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement. The Act does not create any debt or liability of the City or an obligation of the Council to make any such appropriation. Although the Council is not obligated to make such appropriations to replenish the Bond Bank Reserve Fund, it adopted an ordinance in 1985 indicating its general intention to consider such appropriations if necessary. The Council has approved the issuance of the Qualified Obligations.

Moneys in the Bond Bank Reserve Fund up to the amount of the Bond Bank Reserve Requirement are required under the Indenture to be held and applied solely to the payment of the interest on and principal of the Series 2007E Bonds or related payments on the Qualified Obligations as the same shall become due and payable, and for the retirement of Series 2007E Bonds. Such moneys may not be withdrawn from the Bond Bank Reserve Fund if a withdrawal would reduce the amount in the Bond Bank Reserve Fund to an amount less than the Bond Bank Reserve Requirement, except for payment of interest then due and payable on the Series 2007E Bonds and the payment of principal of Series 2007E Bonds then maturing and payable, whether by reason of maturity or mandatory redemption, for which payments other moneys of the Bond Bank are not then available.

## **Additional Bond Bank Bonds**

Additional bonds of the Bond Bank may be issued on a parity with the Series 2007E Bonds pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) bonds issued by the Bond Bank pursuant to the Indenture or (b) purchasing additional qualified obligations of the Qualified Entity payable from Tax Increment on a parity with the Qualified Obligations ("Additional Qualified Obligations") to provide for additional projects of the Qualified Entity or for the refunding (in whole or in part) of the Qualified Obligations or other Additional Qualified Obligations, or both.

## **The Qualified Entity and the Qualified Obligations**

*The Qualified Entity.* The Qualified Entity exists pursuant to the provisions of Indiana Code §36-7-15.1. The Qualified Entity is governed by the Commission, acting as the Redevelopment Commission of the City. For more detailed information regarding the Qualified Entity see "THE QUALIFIED ENTITY" herein.

*The Qualified Obligations.* The Qualified Obligations have been authorized in a principal amount not to exceed \$10,900,000 and are designated "City of Indianapolis Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007A." The Qualified Obligations have been authorized by the Commission by Resolution No. 07-B-017 adopted by the Commission on November 21, 2007. The Qualified Obligations are limited obligations of the Qualified Entity, secured by only the pledge of Tax Increment. See "Provisions for Payment of the Qualified Obligations" below.

The Qualified Obligations are being issued principally to provide for the refunding of the outstanding City of Indianapolis Redevelopment District Tax Increment Revenue Bonds, Series 2000A (the "Prior Qualified Obligations") and funding of certain additional improvements in the Allocation Areas.

The Qualified Obligations will be issued in a principal amount equal to the aggregate principal amount of the Series 2007E Bonds, and will be dated as of their date of delivery. The Qualified Obligations will mature in the same amounts and on the same maturity dates as the Series 2007E Bonds, and will bear interest payable on each February 1 and August 1 beginning February 1, 2008 and at the same interest rates per annum as the Series 2007E Bonds. Interest on the Qualified Obligations will be paid to the Trustee under the Indenture. Principal of and premium, if any, on the Qualified Obligations will be paid directly to the Trustee (for the account of the Bond Bank). The Qualified Obligations are subject to optional redemption prior to maturity upon terms substantially identical to the terms of redemption of the Series 2007E Bonds. See "THE SERIES 2007E BONDS."

**The Qualified Obligations are obligations of the Qualified Entity, payable from and secured by the Qualified Entity's Trust Estate under the Authorizing Instrument.** See "Provisions for Payment of the Qualified Obligations" below. Payments on the Qualified Obligations are the only source of revenue pledged to repay the Series 2007E Bonds. The Qualified Obligations do not constitute a debt, liability or loan of the credit of the State, the City or the County, under the constitution and laws of the State or a pledge of the faith, credit or taxing power of the State, the City, the Qualified Entity, or the County, but constitute a limited obligation of the Qualified Entity payable only from the Qualified Entity's Trust Estate.

### **Provisions for Payment of the Qualified Obligations**

*General.* The Qualified Obligations will be paid out of the Qualified Entity's Trust Estate which consists of Tax Increment (as hereinafter defined) and investment earnings on and any cash or securities held in any of the funds and accounts established by the Authorizing Instrument.

*Authorizing Instrument.* In the Authorizing Instrument, the Qualified Entity authorizes the issuance of the Qualified Obligations and covenants to pay the Qualified Obligations Payments as an obligation of the Qualified Entity payable from the Qualified Entity's Trust Estate. The Qualified Entity covenants to take certain actions necessary to cause interest on the Qualified Obligations to be and remain excluded from gross income for federal income tax purposes.

### **Additional Qualified Obligations**

The Qualified Entity reserves the right to authorize and issue additional qualified obligations to be sold to the Bond Bank payable out of Tax Increment, or to otherwise make additional pledges of Tax Increment ("Parity Pledges") ranking on a parity with the Qualified Obligations and payable ratably from Tax Increment to raise money for future property acquisition, redevelopment and economic development in the Allocation Areas (as hereinafter defined). In order to issue such additional parity obligations or make such Parity Pledges, the Qualified Entity must meet the following conditions precedent:

1. All principal and interest payments with respect to obligations payable from the Tax Increment must be current.
2. The balance in the debt service reserve account for the Qualified Obligations must equal the debt service reserve requirement for the Qualified Obligations.
3. The Qualified Entity must receive a certificate prepared by an independent certified public accountant or an independent financial consultant certifying that the Tax Increment estimated to be received in each succeeding year is at least equal to 125% of the principal and interest requirements of all obligations of the Qualified Entity payable from Tax Increment for each respective year during the term of the Qualified Obligations with respect to the Qualified Obligations, the proposed parity obligations and any Parity Pledges .

### **Authorization**

On December 5, 1990, the Commission approved and adopted Resolution No. 90-281 designating and declaring the "Airport Industrial Economic Development Allocation Area" (the "Original Allocation Area"). On November 6, 1991, the Commission adopted Resolution No. 91-220 (the "Expansion Declaratory Resolution") expanding the Original Allocation Area and declaring the area known as the "Airport Industrial Economic Development Expansion Allocation Area" (the "Expansion Allocation Area") (collectively, the "Areas" or "Allocation Areas").

## **Definition of Tax Increment**

Tax Increment consists of all real property tax proceeds attributable to the assessed valuation within the Areas as of the assessment date in excess of the based assessed value (as defined in IC 36-7-15.1-26(a)), reduced by the additional credit (the "Additional Credit") provided for in IC 36-7-15.1-26.5(e)(referred to throughout this Official Statement as the "Tax Increment"). The Tax Increment is collected in allocation funds by the Commission. Two separate allocation funds, the Airport Industrial Economic Development Allocation Area Fund and the Airport Industrial Economic Development Expansion Allocation Area Fund (collectively referred to as the "Allocation Funds"), have been established by the City into which funds the City deposits the two separate semiannual Tax Increment distributions received by the Commission from the two areas: the Original Allocation Area and the Expansion Area. The base assessed value for purposes of this allocation means the net assessed value of all the property in the Areas as finally determined for the assessment date immediately preceding the effective date of the declaratory resolution adopted pursuant to IC 36-7-15.1-26 establishing each Allocation Area.

Pursuant to Indiana law, property taxes are due and payable to the County Treasurer each May 10 and November 10. After property taxes are paid to the County Treasurer as described above, on or before each June 30 and December 31, such taxes are paid over to the County Auditor who, based on the previous year's certification, pays the portion of property tax receipts which represents Tax Increment into the Allocation Fund. See "PROCEDURES FOR PROPERTY ASSESSMENTS, TAX LEVY AND COLLECTION".

## **Flow of Funds Under the Authorizing Instrument**

Under the Authorizing Instrument, all Tax Increment must be deposited with the Trustee in the Revenue Fund. Sufficient Tax Increment must be deposited in the Bond and Interest Account of the Revenue Fund to pay the interest due on the Qualified Obligations on the next interest payment date and to cover at least one half of the principal amount due on the next principal payment date. Any excess Tax Increment will be deposited in the Debt Service Reserve Account of the Revenue Fund, if necessary, with any remaining Tax Increment deposited in the General Account of the Revenue Fund. Tax Increment in the General Account may be used in the following order of priority:

1. To pay debt service on the Qualified Obligations, or any parity obligations, including any Parity Pledges.
2. To fund or replenish the Debt Service Reserve Account.
3. To pay any rebate obligation owed under the Code.
4. To pay any obligations of the City payable from Tax Increment which are subordinate to the Qualified Obligations.
5. To pay the Commission or reimburse the City for additional costs of the project.
6. To redeem or purchase Qualified Obligations or parity obligations upon direction of the Commission.
7. For any other purpose permitted by IC 36-7-15.1, except that the Commission may not disburse any funds in the General Account to the taxing units in the Allocation Areas as long as any of the Qualified Obligations are outstanding.

The Qualified Entity is not required to fund the Debt Service Reserve Account if the Bond Bank Reserve Fund is fully funded. See "Bond Bank Reserve Fund and the Replenishment Thereof. "

## **Enforcement of the Qualified Obligations**

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

The Bond Bank will be constituted a holder or owner of securities that are in default. The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Act, be raised as a defense by the defaulting qualified entity.

The Bond Bank has also determined to consult with the Qualified Entity, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity to preserve the exclusion of the interest on the Series 2007E Bonds from the gross income of the holders of the Series 2007E Bonds. See the caption "TAX MATTERS."

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

## **RISK FACTORS RELATED TO TAX INCREMENT AND THE QUALIFIED OBLIGATIONS**

### **Tax Increment-Related Risks**

The estimate of Tax Increment is dependent on certain assumptions as to future events, the occurrence of which cannot be guaranteed. In relying on estimates of Tax Increment contained herein, consideration should be given to risk factors which could result in reductions in the estimated Tax Increment. Risk factors include, but are not limited to, the following:

1. *General Risks of Tax Increment include:* Tax Increment available to pay debt service due on the Qualified Obligations is based on increases in assessed valuation of development in the Areas since the base assessment date. There are certain risks associated with the Tax Increment estimates such as, but not limited to, the following: (i) destruction of property in the Areas caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Areas; (iii) a decrease in the assessed value of properties in the Areas due to increases in depreciation, obsolescence or other factors by the assessor; (iv) acquisition of property in the Areas by a tax-exempt entity; (v) removal or demolition of real property improvements by property owners in the Areas; (vi) delayed billing, collection, or distribution of Tax Increment by the County Auditor; (vii) a decrease in property tax rates or increase in the State of Indiana's ("State") property tax replacement credit (the "PTRC") which would increase the Additional Credit applied to Tax Increment; (viii) the General Assembly, the courts, the Department of Local Government Finance (the "DLGF") or other administrative agencies with jurisdiction in the matter to enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment including laws or regulations relating to reassessment, the Additional Credit or a revision in the property tax system; or (ix) a change in any of the civil unit's funding mechanisms (i.e., no longer funding it with property taxes) could adversely affect Tax Increment. Any such changes could cause the Tax Increment to fall below the levels set forth in the "Estimated Tax Increment" Schedule shown in Appendix C which would reduce the Tax Increment available to pay the Qualified Obligations.

2. *Reduction of Tax Rates or Tax Collection Rates.* Any substantial increase in the State or federal aid or other sources of local revenues which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Areas could reduce the rates of taxation by the taxing bodies levying taxes upon property within the Areas and have an adverse effect on the amount of Tax Increment. Economic conditions or administrative action could reduce the collection rate achieved by the City within its jurisdiction, including the Areas.

3. *Circuit Breaker Tax Credit.* In 2006, the General Assembly enacted the circuit breaker tax credit providing for a reduction in property tax bills to an amount not to exceed two percent (2%) of a taxpayer's gross assessed valuation (the "Circuit Breaker Tax Credit"). In April 2007, the General Assembly amended the Circuit Breaker Tax Credit to the effect that beginning in 2010 for property other than homestead property, the Circuit Breaker Tax Credit would provide for a reduction in property tax bills to an amount not to exceed three percent (3%) of a taxpayer's gross assessed valuation. For property taxes due and payable in 2008 and 2009, the Circuit Breaker Tax Credit is automatically applied only to the property taxes attributable for a taxpayer's homestead (place of residence). Future events, such as the loss of a major taxpayer or reductions in assessed value, increases in property tax rates of overlapping taxing units, or the reduction in the amount of PTRC paid by the State of Indiana, could increase the effective property tax rate sufficiently to limit the property taxes paid by taxpayers within the Areas. The Tax Increment projected in Appendix C is not expected to be reduced by the Circuit Breaker Tax Credit.

4. *Reassessment and Trending.* The next general reassessment of property in the State is scheduled to be effective for property assessed March 1, 2011, for taxes payable in 2012. Reassessments are scheduled to occur every four years

thereafter. Trending (see “PROCEDURES FOR PROPERTY ASSESSMENTS, TAX LEVY AND COLLECTION”) is scheduled to occur on an annual basis. The DLGF is required by law to make a one-time adjustment to neutralize the effect of reassessment and trending on property within tax increment allocation areas, including the Areas, so that owners of obligations secured by tax increment revenues will not be adversely affected. Delays in the reassessment and trending process, the inability to neutralize the effect of reassessment, or appeals of assessments and reassessments could adversely affect the Tax Increment.

5. *Additional Credit and Tax Rates Assumed in the Tax Increment Estimate.* The Tax Increment estimate assumes that the gross property tax rates and PTRC (on which the calculation of the Additional Credit is based) will remain at approximately the same level throughout the term of the Series 2007E Bonds. The amount of the PTRC could change if, among other things, property taxes are levied to pay debt service on bonds issued by any taxing units overlapping the Areas. The General Assembly could also enact legislation changing the method of calculating, or the size of, the PTRC. Any decrease in the tax rate or increase in the PTRC could result in a decrease in the amount of Tax Increment. In addition, the Tax Increment estimates contained in Appendix C, Financial Report Regarding Qualified Entity, are based upon pay 2006 property tax rates. The pay 2007 property tax rates have not been approved, and the 2007 Tax Increment may vary from the Tax Increment estimates contained in Appendix C. See “THE CITY OF INDIANAPOLIS AND MARION COUNTY — Recent Developments Regarding City and County Finances –2007 Property Tax Collections .”

6. *Tax Increment Replacement Levy.* IC 6-1.1-21.2 impacted property taxes and Tax Increment beginning with taxes payable in 2003. Under IC 6-1.1-21-2, real property received an increased PTRC on the school general fund from 20% to 60%. IC 6-1.1-21-2 also authorizes a property tax levy in the District (“Replacement Levy”) to replace the Tax Increment lost from the increase in the PTRC unless the local legislative body acts to eliminate or reduce the Replacement Levy. It is assumed that the Council will not rescind or reduce this State imposed Replacement Levy. The Commission cannot predict the exact effect that this or any other property tax changes by the Indiana General Assembly may have on Tax Increment.

7. *Delays in or Lower Assessment of Development.* Projections of Tax Increment in Appendix C assume that certain levels of development will occur at certain times. If this development does not occur, is delayed or is assessed at a lower level than anticipated, Tax Increment collected may be less than projected.

### **Bond-Related Risks**

The Qualified Obligations are payable solely from the Qualified Entity’s Trust Estate, which includes the Tax Increment. The Commission has no source of moneys from which to pay the Qualified Obligations other than Tax Increment and current or potential moneys and investments (together with interest and other earnings) which are held as part of the Qualified Entity’s Trust Estate.

## **PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION**

Debt Service on the Series 2007E Bonds is payable from Tax Increment. The Indiana General Assembly has enacted the Circuit Breaker Tax Credit, which prohibits counties from collecting property taxes from a taxpayer in an amount that exceeds two percent (2%) of the gross assessed value of homestead property and beginning in 2010, three percent (3%) of the gross assessed value of all non-homestead property. See “Circuit Breaker Tax Credit” herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of March 1. On or before August 1<sup>st</sup> each year, the County Auditor must submit to each underlying taxing unit a statement of (i) the estimated assessed value of the taxing unit as of March 1<sup>st</sup> of that year, and (ii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the County Auditor by the Township Assessors in Marion County and the County Assessor in all other counties on or before July 1.

The estimated value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies.

By statute, the budget, tax rate and levy must be established no later than the last meeting of the fiscal body in September for Marion County; no later than September 30<sup>th</sup> for all other cities and towns; and no later than September 20<sup>th</sup> for most other units. The budget, tax levy and tax rate are subject to review and revision by the DLGF which, under certain

circumstances, may revise, reduce or increase the budget, tax rate, or levy of a taxing unit. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the City is not sufficient to make its debt service payments. The DLGF must complete its actions on or before February 15; however, taxing units have until March 1<sup>st</sup> to file a shortfall appeal, which may delay the DLGF's actions.

On or before March 1, the County Auditor prepares and delivers the tax duplicate, which is a roll of property taxes payable in that year, to the County Treasurer. Upon receipt of the tax duplicate, the County Treasurer publishes notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10, unless a later due date is established by order of the DLGF. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due; provided, that, effective January 1, 2007, so long as the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and December 31 after the November 10 payment date.

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

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

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property due to new construction demolition of improvements. The next reassessment is scheduled to be effective as of the March 1, 2011 assessment date and affects taxes payable beginning in 2012, and reassessments are scheduled to occur every four years thereafter. Beginning in 2006 tax year payable 2007, all real property assessments will be revalued annually to reflect market value based on comparable sales data ("Trending"). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and the previous or current year's assessed value.

A State property tax replacement credit (PTRC) is applied to the property tax liability of a taxpayer. The maximum amount of the State PTRC is: (a) sixty percent (60%) of a taxpayer's real and personal property tax liability for the general fund levy imposed by a School; and (b) approximately twenty percent (20%) of a taxpayer's real property tax liability for the general fund levies imposed by the taxing units in the taxing district (less sixty percent (60%) of a taxpayer's property tax liability for the general fund levy imposed by a School); and (c) approximately twenty percent (20%) of taxpayer's personal property that is not business personal property tax liability for the general fund levies imposed by the taxing units in the taxing district (less sixty percent (60%) of the taxpayer's property tax liability for the general fund levy imposed by a School). However, in calculating the PTRC, the tax liability of a taxpayer does not include the amount of any property tax owed by the

taxpayer attributable to certain specified components of the tax levy. Among the tax levy components not receiving the PTRC are the property taxes that will be used to pay for the principal and interest due on debt entered into after December 1983. Legislation enacted in 2005 may have the effect of reducing the amount of future State PTRC payments.

The State does not pay the PTRC on Tax Increment. However, IC 36-7-14-39.5(c) entitles taxpayers in an allocation area to an Additional Credit payable from Tax Increment in an amount equal to the State PTRC. Since 2003, under State law, IC 6-1.1-21.2, the portion of the State PTRC relating to school general funds was increased from 20% to 60% of the school general fund tax rate. For TIF Areas created prior to December 31, 2002, the Tax Increment lost from this increase in the Additional Credit (equal to the PTRC) may be replaced by a property tax levy throughout the District (TIF Replacement Levy). This TIF Replacement Levy is initiated annually by the State of Indiana, unless the Council reduces or eliminates the TIF Replacement Levy. To date, the Council has not rescinded the TIF Replacement Levy.

*Circuit Breaker Tax Credit.* In 2006, the General Assembly enacted the Circuit Breaker Tax Credit providing for a reduction in property tax bills to an amount not to exceed two percent (2%) of a taxpayer's gross assessed valuation. In April 2007, the General Assembly amended the Circuit Breaker Tax Credit to the effect that beginning in 2010 for property other than homestead property, the Circuit Breaker Tax Credit would provide for a reduction in property tax bills to an amount not to exceed three percent (3%) of a taxpayer's gross assessed valuation. For property taxes due and payable in 2008 and 2009, the Circuit Breaker Tax Credit is automatically applied only to the property taxes attributable to a taxpayer's homestead (place of residence). The Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit. The Tax Increment projected in Appendix C is not expected to be reduced by the Circuit Breaker Tax Credit.

## **BOND INSURANCE AND SURETY BOND**

*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 Underwriter 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 D — "SPECIMEN OF BOND INSURANCE POLICY" and Appendix E "SPECIMEN DEBT SERVICE RESERVE SURETY BOND POLICY".*

### **Payment Pursuant to Financial Guaranty Insurance Policy**

The Bond Insurer has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Series 2007E Bonds, effective as of the date of issuance of the Series 2007E Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Series 2007E Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2007E Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007E Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007E Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Series 2007E Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007E Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Insurance Policy shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2007E Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final,

non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment (as set forth in the Financial Guaranty Insurance Policy). Specifically, the Financial Guaranty Insurance Policy does not cover:

- (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
- (ii) payment of any redemption, prepayment or acceleration premium; and
- (iii) nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of the Series 2007E Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007E Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2007E Bond, appurtenant coupon, if any, or right to payment of the principal of or interest on such Series 2007E Bond and will be fully subrogated to the surrendering holder's rights to payment.

#### **Debt Service Reserve Fund Ambac Assurance Surety Bond**

The Indenture requires the establishment of the Bond Bank Reserve Fund in an amount equal to the Bond Bank Reserve Requirement. The Indenture authorizes the Obligor to obtain a Surety Bond in place of fully funding the Bond Bank Reserve Fund. Accordingly, application has been made to the Bond Insurer for the issuance of a Surety Bond for the purpose of funding the Bond Bank Reserve Fund. The Series 2007E Bonds will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2007E Bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by the Bond Insurer of a demand for payment executed by the Trustee certifying that provision for the payment of principal of or interest on the Series 2007E Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to the Bond Insurer, the Bond Insurer will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2007E Bonds, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

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 Obligor is required to reimburse the Bond Insurer for any draws under the Surety Bond with interest at a market rate. 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 of the Obligor is subordinate to the Obligor's obligations with respect to the Series 2007E Bonds.

In the event the amount on deposit in, or credited to, the Bond Bank Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Bond Bank Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Bond Bank Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Indenture provides that the Bond Bank Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amounts necessary to fund the Bond Bank Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond, shall be deposited from next available Revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee or the Paying Agent.

## **Ambac Assurance Corporation**

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,608,000,000 (unaudited) and statutory capital of approximately \$6,893,000,000 (unaudited) as of September 30, 2007. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

Ambac Assurance makes no representation regarding the Series 2007E Bonds or the advisability of investing in the Series 2007E Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE AND SURETY BOND".

### **Available Information**

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007;
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007;
4. The Company's Current Report on Form 8-K dated and filed on July 25, 2007;
5. The Company's Current Report on Form 8-K dated and filed on August 3, 2007;
6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2007 and filed on August 9, 2007;

7. The Company's Current Report on Form-8-K dated October 10, 2007 and filed on October 11, 2007;
8. The Company's Current Report on Form 8-K dated and filed on October 24, 2007; and
9. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2007 and filed on November 9, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

## **PLAN OF FINANCING**

### **General**

The proceeds of the Series 2007E Bonds, will be used to provide funds to: (i) advance refund the outstanding The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2000 D (the "Refunded Bonds"); (ii) purchase the Qualified Obligations to be issued by the Qualified Entity; (iii) purchase a bond insurance policy to insure the Series 2007E Bonds; (iv) purchase a surety bond policy to fund the Bond Bank Reserve Fund; and (v) pay the costs of issuance of the Series 2007E Bonds. The Qualified Entity will use the proceeds of the Qualified Obligations to refund the Prior Qualified Obligations and fund costs of additional improvements in the Allocation Areas.

### **Refunding Program**

The Bond Bank has previously issued the Refunded Bonds in the original aggregate issued amount of \$11,200,000. The Refunded Bonds were issued under the 2000 Indenture and all such obligations are secured separately and independently from, and do not and will not constitute, the Series 2007E Bonds under the Indenture or for purposes of this Official Statement.

The Refunded Bonds were issued to provide funds to purchase the Prior Qualified Obligations, refund the City's Limited Recourse Note, Series 1996 A, and the City's Limited Recourse Note, Series 1998 and fund certain additional improvements in or serving the Allocation Areas.

The Bond Bank intends to advance refund all of the outstanding Refunded Bonds, which are currently outstanding in the aggregate principal amount of \$8,935,000 (the advance refunding of the Refunded Bonds being the "Refunding Program"). The Bond Bank will accomplish the Refunding Program by depositing a portion of the proceeds of the Series 2007E Bonds, into an irrevocable escrow account (the "Escrow Fund") held by Hoosier Trust Company, as escrow agent (the "Escrow Agent") under an Escrow Agreement, dated as of December 1, 2007 (the "Escrow Agreement"), between the Bond Bank and the Escrow Agent. The moneys so deposited will be used to purchase United States Treasury Obligations which, together with any increment thereto and interest earned thereon and any initial cash deposit, will be sufficient to pay when due the principal of and premium, if any, and interest accrued and to accrue on the Refunded Bonds to and including February 1, 2010, the date such Refunded Bonds will be redeemed. Upon the deposit of such funds in the Escrow Fund, Refunded Bonds will be defeased. Neither the maturing principal of the United States Treasury Obligations nor the interest thereon will serve as security for or be available for the payment of principal, interest or redemption premium, if any, on the Series 2007E Bonds. See "VERIFICATIONS OF MATHEMATICAL COMPUTATIONS" herein regarding the sufficiency of the Governmental Obligations and other amounts held under the escrow accounts under the Escrow Agreement to provide for the redemption of the Refunded Bonds.

Simultaneously with the deposit of the Series 2007E Bond proceeds into the escrow accounts, the Trustee will release to the Bond Bank the qualified obligations securing the Refunded Bonds (the "Refunded Qualified Obligations"), and the Bond Bank will cancel such Refunded Qualified Obligations in exchange for receiving from the Qualified Entity the Qualified Obligations. The Bond Bank will then pledge and deposit the Qualified Obligations as a part of the Trust Estate established under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007E BONDS — The Qualified Entity and the Qualified Obligations" in this Official Statement.

**Estimated Sources and Uses of Series 2007E Bond Proceeds**

Estimated sources of funds:	
Original Principal Amount of Series 2007E Bonds	\$9,910,000.00
Plus: Net Original Issue Premium	<u>75,676.90</u>
Total	\$9,985,676.90
Estimated uses of funds:	
Deposit to Escrow Account	\$9,559,550.00
Deposit to Expense Fund (Costs of Issuance) (1)	228,670.75
Contingency (2)	<u>197,456.15</u>
Total	\$9,985,676.90

- (1) Including estimated underwriters’ discount, legal, accounting, financial advisory, printing, fiduciary expenses, bond insurance premium and surety bond premium.
- (2) Contingency to be applied by the Qualified Entity to the funding of additional improvements in the Allocation Areas

**THE BOND BANK**

**Powers and Purposes**

The Bond Bank is a body corporate and politic separate from the City. The address of the Bond Bank is Suite 2342, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204. The Bond Bank was created by the Act for the purpose of purchasing and selling securities of certain qualified entities, including the City, acting through the Council or its departments, the County, all special taxing districts of the City, and all 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, Marion County or any other qualified entity. The current members of the board of directors, their positions, their terms and their principal occupations are as listed below. As a result of the November 6, 2007 municipal election, a new mayor will assume office on January 1, 2008. The current members of the Bond Bank Board announced their intent to resign from their positions on December 31, 2007.

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Occupation</u>
Mary Titsworth Chandler	Chairperson	April 30, 2009	Attorney
Jacob E. Hall	Member	April 30, 2009	Retired Engineer
Thomas J. O’Donnell	Member	April 30, 2009	Business Manager of International Brotherhood of Electrical Workers
DeVonne Richburg-Pollard	Member	April 30, 2009	Business Consultant
Kathryn A. Minx	Member	April 30, 2010	Chief Operating Officer, BSA LifeStructures, Inc.

*Barbara A. Lawrence* was appointed the Executive Director of the Bond Bank on August 1, 2005. Ms. Lawrence previously served as Controller of the City of Indianapolis, Director of the Department of Public Works of the City of Indianapolis and Deputy Director of the Bond Bank. She holds a B.A. from Indiana University and an M.B.A. from Indiana Wesleyan University. Also as a result of the November 6, 2007 municipal election, Ms. Lawrence will resign her position with the Bond Bank effective December 31, 2007.

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

### **Other Programs; Outstanding Indebtedness**

Under the Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of November 1, 2007, an aggregate long-term principal amount of approximately Three Billion One Hundred Sixty Million Forty Thousand Eight Hundred Fifty-Nine Dollars (\$3,160,040,859) in separate program obligations (which amount does not include the Series 2007E Bonds). Certain of the foregoing obligations of the Bond Bank may mature or otherwise be defeased prior to the issuance of the Series 2007E Bonds. All such obligations are and will be secured separately and independently and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

## **THE QUALIFIED ENTITY**

### **General Description**

The Qualified Entity exists pursuant to Indiana Code §36-7-15.1.

The Qualified Entity is under the control of the Metropolitan Development Commission of Marion County, Indiana, acting as the Redevelopment Commission of the City of Indianapolis.

The Commission consists of 11 members, three of whom are appointed by the Council, five of whom are appointed by the Mayor of the City and three of whom are appointed by the Board of Commissioners of Marion County to serve staggered terms of one, two or three years each.

The present members of the Commission are as follows:

<u>Member</u>	<u>Appointed by</u>
Dorothy J. Jones	Mayor
Jim Cummings	Mayor
James J. Curtis, Sr., Secretary	County Commissioners
Amy Small Bilyeu, Vice President	Mayor
Tom Morales	Mayor
Robert Kennedy	City-County Council
Brian Murphy, President	City-County Council
Robert Shula	City-County Council
Beverly Mukes-Gaither	County Commissioners

## **Currently Outstanding Obligations**

The City has issued the Prior Qualified Obligations, which were originally issued in the aggregate principal amount of \$11,200,000. The proceeds of the Prior Qualified Obligations were used to pay the costs of the acquisition, construction, reconstruction and relocation of certain roads and streets, water and sewer lines, drainage improvements, and related infrastructure, in the Areas. The Prior Qualified Obligations are currently outstanding in the principal amount of Eight Million Nine Hundred Thirty-Five Thousand Dollars (\$8,935,000) and the Prior Qualified Obligations mature on February 1 of each year with a final maturity of February 1, 2021. The Prior Qualified Obligations will be refunded with proceeds of the Qualified Obligations.

The Qualified Entity also has outstanding several bond issues secured by revenue sources other than the Tax Increment pledged to the repayment of the Qualified Obligations.

The Qualified Entity may issue additional bonds and other obligations to finance or refinance projects in furtherance of its purposes. However, the type, amount and timing of the issuance of any such additional bonds or other debt obligations are subject to a number of conditions that cannot be predicted at this time.

## **THE CITY OF INDIANAPOLIS AND MARION COUNTY**

### **Governance**

The City is a municipal corporation located in the County. It is the largest city in the State and the thirteenth largest city by population 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 executive of the City is the Mayor who is elected by all the voters of the County. The Mayor, who may serve an unlimited number of four-year terms, has extensive appointive powers and also serves as chief executive officer of the County. The executive authority is administered through six departments: Administration, Executive and Legislative, Metropolitan Development, Parks and Recreation, Public Safety and Public Works. Beginning January 1, 2007, a seventh department, the Indianapolis Metropolitan Police Department (IMPD), became effective.

The legislative body of the City and the County is the Council. The 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 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 Council is required to approve the issuance of additional debt of the Qualified Entity. In addition, the Council is required to approve any increases to fees charged by the Qualified Entity.

As a result of the November 6, 2007 municipal election, a new mayor will assume office on January 1, 2008, who will appoint new directors of the aforementioned departments. In addition, the municipal election resulted in new leadership of the Council and its standing committees.

The City's Comprehensive Annual Financial Report for the year ended December 31, 2006 is filed with and available from the NRMSIRs. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." Certain recent developments regarding the City's finances are described below.

### **Recent Developments Regarding City and County Finances**

#### *Governmental Consolidation*

During the 2005 session of the Indiana General Assembly, the City proposed legislation to consolidate certain City and County governmental functions, such as the provision of police protection and the provision of fire protection. The City's goal in proposing this legislation was to effect cost savings and address projected budget deficits in future years. The Indiana General Assembly adopted a portion of this legislation to permit the Council to approve consolidation of the City's police department with the law enforcement division of the Marion County Sheriff's Department ("MCS D"). The Council approved

the consolidation of the City's police department with the MCS D in December 2005. The consolidation became effective on January 1, 2007.

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

#### Pension Liability

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

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

#### COIT Increase

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

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

On July 23, 2007, the Council voted to increase COIT in the County by an additional 0.65%, raising the total rate to 1.65% effective October 1, 2007. A portion of the additional COIT will be distributed to other civil taxing units (other than schools) located within the County. The additional COIT is estimated to generate approximately Ninety Million Dollars (\$90,000,000) per year for the City and County and is expected to be used to fund public safety pensions, hire additional police officers, maintain and enhance improvements to the criminal justice system previously implemented in 2006, and implement additional enhancements to the criminal justice system and additional crime prevention programs. The adoption of the increased COIT also includes a freeze on property tax levies for at least two years by all local taxing units in the County except schools. On September 6, 2007, a group of taxpayers filed a lawsuit in the Indiana Tax Court against the State, certain State

agencies, the City, and certain elected officials of the State, the City and County requesting declaratory and injunctive relief relating to property tax assessments, property tax refunds, property tax rates and imposition of certain local income taxes. The lawsuit included a request for declaratory judgment that the Council ordinance enacting the increase in the COIT rate in the County be rendered void and a request for an injunction to prevent the collection of the increased COIT. While the ultimate outcome of the litigation cannot be predicted with certainty, the City intends to vigorously oppose the claims relating to the COIT increase and believes such claims are without merit.

#### *PTRC Litigation*

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

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

#### *Budget Matters*

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

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

### 2007 Property Tax Collections

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

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

### **Economics and Demographics**

Indianapolis is Indiana's largest city and is also the State's capital. Since 1980, Indianapolis has experienced consistent population growth, increasing from approximately 765,000 persons in 1980 to 861,760 in 2005 (based on the 2007 U.S. Census estimates), or 12.5% 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. Based on U.S. Bureau of Labor Statistics data for 2005, three-quarters of businesses are within one day's truck drive of Indianapolis. Indianapolis' airport is ranked 8<sup>th</sup> in North America and 20<sup>th</sup> in the world for cargo shipments. (Source: The Indianapolis Airport Authority)

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

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

	<b>Total</b>	<b>Percent</b>
<b>Professional, scientific, management, administrative and waste management services</b>	104,207	17%
<b>Educational, health and social services</b>	84,562	14%
<b>Government</b>	79,402	12%
<b>Manufacturing</b>	72,587	12%
<b>Retail trade</b>	66,396	11%
<b>Arts, entertainment, recreation, accommodation and food services</b>	60,129	10%
<b>Finance, insurance, real estate and rental and leasing</b>	54,898	9%
<b>Transportation and warehousing and utilities</b>	38,972	7%
<b>Construction</b>	36,555	6%
<b>Wholesale trade</b>	33,493	6%
<b>Other services</b>	32,957	6%
<b>Information</b>	12,594	2%
<b>Agriculture, forestry, fishing and hunting and mining</b>	373	0%
	677,125	

Source: Bureau of Economic Analysis 2005 Year Data, published April 2007

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

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

**Source: The Indy Partnership Employer Database, 2007**

## **LITIGATION**

There is not now pending or, to the Bond Bank's or Qualified Entity's respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2007E Bonds or the Qualified Obligations or the execution and delivery of and performance by the respective parties to: the Indenture, the Authorizing Instrument or the Purchase Agreement, prohibiting the Bond Bank from refunding the Refunded Bonds with the proceeds of the Series 2007E Bonds, in any way contesting or affecting the validity of the Series 2007E Bonds or the Qualified Obligations or any proceedings of the Bond Bank or the Qualified Entity taken with respect to the issuance or sale thereof, or the Pledges (as hereinafter defined under the caption "ENFORCEABILITY OF REMEDIES") or application of any moneys or security provided for payment of the Series 2007E Bonds or the Qualified Obligations. Neither the creation, organization nor existence of the Bond Bank or the Qualified Entity nor the title of any of the present directors or other officers of the Bond Bank or Qualified Entity to their respective offices is being contested.

## **TAX MATTERS**

In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, bond counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2007E Bonds is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion of Bose McKinney & Evans LLP is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entity (collectively, "Tax Covenants") and is conditioned on continuing compliance therewith. Failure to comply with the Tax Covenants could cause interest on the Series 2007E Bonds to lose the exclusion from gross income for federal income taxes retroactive to the date of issue.

In the opinion of Bose McKinney & Evans LLP, bond counsel, interest on the Series 2007E Bonds is exempt from income taxation in the State of Indiana under existing laws, regulations, rulings and judicial decisions. This opinion relates only to the exemption of interest on the Series 2007E Bonds for State income tax purposes. See Appendix A for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2007E Bonds as a condition to the exclusion from gross income of interest on the Series 2007E Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2007E Bonds to be included in gross income for federal income tax purposes retroactive to their respective dates of issue irrespective of the date on which such noncompliance occurs. Should the Series 2007E Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2007E Bonds would be materially and adversely affected. The Tax Covenants include covenants that (i) the Bond Bank and the Qualified Entity will not take or fail to take any action with respect to the Series 2007E Bonds if

such action or omission would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2007E Bonds under Section 103 of the Code, and neither the Bond Bank nor the Qualified Entity will act in any other manner which would adversely affect such exclusion; (ii) the Bond Bank and the Qualified Entity will not make any investment or do any other act or thing during the period that the Series 2007E Bonds are outstanding which would cause the Series 2007E to be “arbitrage bonds” within the meaning of Section 148 of the Code; and (iii) if required by the Code, the Bond Bank and the Qualified Entity will rebate any necessary amounts to the United States of America. It is not an event of default under the Indenture if interest on the Series 2007E Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the respective dates of issuance of the Series 2007E Bonds.

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

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this statute on their ownership of the Series 2007E Bonds.

Although bond counsel will render an opinion that interest on the Series 2007E Bonds is excluded from federal gross income and that interest on the Series 2007E Bonds is exempt from State income tax, the accrual or receipt of interest on the Series 2007E Bonds may otherwise affect a bondholder’s federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder’s particular tax status and a bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, “S” corporations, certain foreign corporations, 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 the Series 2007E Bonds. Bond counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2007E Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2007E Bonds.

## **ORIGINAL ISSUE DISCOUNT**

The initial public offering prices of the Series 2007E Bonds maturing on August 1, 2019 through February 1, 2021 (collectively, the “Discount Bonds”), are less than the principal amount payable at maturity, and as a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds as set forth on the inside cover page of this Official Statement (assuming it 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 Bonds 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 February 1 and August 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 the Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisers as to the amount of original 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 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 advisers which 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 public offering should consult their own tax advisers with regard to the other tax consequences of owning the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisers with respect to the state and local tax consequences of owning Discount Bonds. It is possible under the applicable provisions governing the determination of state and 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 price of the Series 2007E Bonds maturing on February 1, 2008 through August 1, 2017 (the “Premium Bonds”), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner’s basis in the Premium Bond as a result 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 (or to an earlier date that a Premium Bond is expected to be paid), with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a) (2) of the Code, but amortization of Bond Premium for Premium Bonds may be taken into account as a reduction in the amount of tax exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisers with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

### **ENFORCEABILITY OF REMEDIES**

The various legal opinions to be delivered concurrently with the delivery of the Series 2007E 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 to the Trustee or the bondholders of the Series 2007E Bonds upon a default under the Indenture, to the Trustee or the Bond Bank under the Qualified Obligations, the Purchase Agreement and the Authorizing Instrument, or to any party seeking to enforce the pledges securing the Series 2007E Bonds or the Qualified Obligations described herein (collectively, the “Pledges”), are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture, the Purchase Agreement, the Qualified Obligations and the Authorizing Instrument, 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 Obligations payments pledged to owners of the Series 2007E Bonds under the Indenture or over the liens on the property taxes pledged to the owner of the Qualified Obligations under the Authorizing Instrument.

The various legal opinions to be delivered concurrently with the delivery of the Series 2007E Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the Qualified Entity, the City, the County, the State and the United States of America and by bankruptcy; reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of the Federal, State or local police powers (including the police powers of the Qualified Entity, the City and the County) in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Purchase Agreement, the Authorizing Instrument and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

### **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2007E Bonds are subject to the approval of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2007E Bonds, substantially in the form found as Appendix A. Certain legal matters will be passed on by the Office of Corporation Counsel of the City of Indianapolis, Indiana, as General Counsel to the Bond Bank, the Qualified Entity and the City, and by Bingham McHale LLP, Indianapolis, Indiana, counsel for the Underwriter.

### **RATINGS**

The Series 2007E Bonds have been rated “AAA” by Standard & Poor’s Ratings Group, a division of McGraw-Hill (“S&P”), and “AAA” by Fitch Ratings (“Fitch”), with the understanding that the Bond Insurer will deliver the Policy insuring timely payment of principal of, and interest on, the Series 2007E Bonds concurrently with the issuance of Series 2007E Bonds. Such ratings are not recommendations to buy, sell or hold the Series 2007E Bonds. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings will not be lowered or withdrawn entirely by S&P or Fitch if, in their judgment, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Series 2007E Bonds any proposed revision or withdrawal of the ratings of the Series 2007E Bonds or to oppose any such proposed revision or withdrawal of the ratings of the Series 2007E Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of ratings may have an adverse effect on the market price or marketability of the Series 2007E Bonds.

### **UNDERWRITING**

The Series 2007E Bonds are being purchased by City Securities Corporation, the Underwriter. The Underwriter has agreed to purchase the Series 2007E Bonds at an aggregate purchase price of \$9,936,151.14 which represents the par amounts set forth on the inside cover hereof, plus net original issue premium of \$75,676.90, less an underwriting discount of \$49,525.76, pursuant to a contract of purchase entered into by and between the Bond Bank and the Underwriter. Such contract of purchase provides that the Underwriter will purchase all of the Series 2007E Bonds if they are purchased. The initial offering price may be changed from time to time by the Underwriter.

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

## **SERIES 2007E BONDS AS LEGAL INVESTMENTS**

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

### **AGREEMENT WITH STATE**

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

### **AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION**

In accordance with the provisions of the SEC Rule (as defined herein), on October 8, 2007, the City filed with Bloomberg Municipal Repository, DPC Data Inc., FT Interactive Data and Standard & Poor's Securities Evaluations, Inc. (such repositories being all of the NRMSIRs approved by the SEC pursuant to the Rule as of the date of this Official Statement), the Comprehensive Annual Financial Report of the City for the year ended December 31, 2006 (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 NRMSIRs listed above 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 2007E Bonds or the owners of the Qualified Obligations and available financial and statistical information regarding the Bond Bank and the Qualified Entity. Requests for documents and payments therefor should be directed to Ms. Barbara A. Lawrence, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2342, 200 East Washington Street, Indianapolis, Indiana 46204.

### **VERIFICATIONS OF MATHEMATICAL COMPUTATIONS**

The accuracy of certain mathematical computations showing that the Qualified Obligation Payments of the Qualified Obligations, together with other available revenues, have been structured to be sufficient to pay principal of and interest on the Series 2007E Bonds when due, will be verified by H.J. Umbaugh & Associates Certified Public Accountants LLP, independent certified public accountants ("Umbaugh"). Such verification shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter, on behalf of the Bond Bank, relating to (a) the computation of forecasted receipts of principal and interest on the Government Obligations, together with other amounts, deposited in the escrow account held under the Escrow Agreement, and the forecasted payments of principal, interest and premium on the Refunded Bonds up to and on the date fixed for their redemption, and (b) the computation of the yields on the Refunded Bonds and the Government Obligations supporting the conclusion of Bond Counsel that the Refunded Bonds and the Series 2007E Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder, will be examined by Umbaugh. Umbaugh has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based (such information and assumptions being supplied by the Underwriter) and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Umbaugh also served as financial advisor to the Bond Bank with respect to the sale of the Series 2007E Bonds. As the Bond Bank's financial advisor, Umbaugh has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Series 2007E Bonds. In its role of financial advisor to the Bond

Bank, Umbaugh has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the Appendices hereto.

## **CONTINUING DISCLOSURE**

Rule 15c2-12 (the “Rule”), promulgated by SEC under the Exchange Act provides that, except as otherwise provided in the Rule, a participating underwriter must not purchase or sell municipal securities in connection with an offering unless the participating underwriter has reasonably determined that an issuer of municipal securities or an obligated person for whom financial or operating data is presented in the final official statement 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.

In order to assist the Underwriters in complying with the Rule, the Bond Bank will, upon issuance of the Series 2007E Bonds, execute a Continuing Disclosure Undertaking Agreement with Hoosier Trust Company, as counterparty, to be dated the date of issuance of the Series 2007E Bonds (the “Contract”). The Contract will contain certain promises of the Bond Bank to each beneficial or registered owner or holder of any Series 2007E Bond, including a promise to provide certain continuing disclosure. By its payment for and acceptance of any Series 2007E Bond, the beneficial or registered owner or holder thereof accepts and assents to the Contract and the exchange of (i) such payment and acceptance for (ii) such promises.

The following is a summary of certain provisions of the Contract, and is qualified in its entirety by reference to the Contract.

Audited Financial Statements. To each NRMSIR then in existence and to the Indiana state information depository then in existence, if any (“SID”), when and if available, the audited comprehensive annual financial report of the City for each twelve (12) month period ending December 31st, beginning with the twelve (12) month period ending December 31, 2006, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants; and

Financial Information in this Official Statement. To the Bond Bank, each NRMSIR then in existence and to the SID, if any, within 210 days of each December 31st, beginning with the calendar year ending December 31, 2006, unaudited annual financial information for the City for each calendar year if audited financial statements are not available and (ii) operating data of the type included under the following headings in APPENDIX C of this Official Statement (collectively, the “Annual Information”):

### Summary of Historical Tax Increment

Failure to Disclose. In a timely manner, to each NRMSIR or to the MSRB, and to the SID notice of the Bond Bank failing to provide the audited financial statements or Annual Financial Information as described earlier.

The Bond Bank’s obligations under the Contract will terminate upon the defeasance, prior redemption or payment in full of all of the Series 2007E Bonds in accordance with the terms of the Indenture.

The Bond Bank may amend the Contract if such amendment meets the following:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of any obligated person (as defined in the Rule), or type of business conducted;

(b) The Contract, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Series 2007E Bonds, as determined either by parties unaffiliated with the Bond Bank or an obligated person (such as the Trustee or Bond Counsel), or by an approving vote of the Bondholders pursuant to the terms of the Indenture at the time of the amendment or such amendment is otherwise permitted by the Rule.

Notwithstanding the foregoing, any information required to be provided by the Bond Bank to each NRMSIR and the State Depository, if any, as described above may, instead, be provided by the Bond Bank to DisclosureUSA, but only for so long as the conditions for the interpretation made by the SEC in the Response continue to be met. "DisclosureUSA" means the Internet-based electronic filing system created by the Municipal Advisory Council of Texas for the purpose of facilitating compliance by issuers and obligated persons (both as defined in the Rule) with continuing disclosure agreements entered into to satisfy the obligations of underwriters (as defined in the Rule). "Response" means the interpretive letter, dated September 7, 2004, released by the Division of Market Regulation of the SEC regarding DisclosureUSA.

In the event of a failure of the Bond Bank to provide Annual Financial Information, to send notices of failure to provide the Annual Financial Information, or to report Listed Events, if material, any registered or beneficial owner may individually seek, as the sole remedy under the Contract, to compel performance by court order, to cause the Bond Bank to comply with its obligations to provide the Annual Financial Information, to send notices of failure to provide the Annual Financial Information, or to report Listed Events, if material, under the Contract, and not for money damages of any kind or in any amount. However, regarding the adequacy of any information disclosed by the Bond Bank, the registered or beneficial holders of 25% or more in aggregate principal amount of all Series 2007E Bonds then Outstanding will be required to jointly take actions to seek, as the sole remedy under the Contract, to compel specific performance by court order to challenge the adequacy of any information reported by the Bond Bank thereunder and not for money damages of any kind or in any amount. A default under the Contract will not be deemed an event of default under the Series 2007E Bonds, the Indenture or any other agreement to which the Bond Bank is a party, and the sole remedy under the Contract in the event of any failure of the Bond Bank to comply with the Contract shall be an action to compel performance.

Except as described below, the remedies described in the preceding paragraph may be exercised by the registered or beneficial owner or owners of Series 2007E Bonds, as applicable, in any court of competent jurisdiction in Marion County, Indiana.

Prior to pursuing any remedy for any breach of any obligation under the Contract, the registered or beneficial owner or owners of Series 2007E Bonds, as applicable, must give notice to the Bond Bank, by registered or certified mail, of such breach and its or their intent to pursue such remedy. Sixty days after the mailing of such notice, and not before, such remedy may be pursued under the Contract if and to the extent the Bond Bank has failed to cure such breach within such 60 days.

The Contract inures solely to the benefit of the Bond Bank, any dissemination agent, and registered or beneficial owners from time to time of the Series 2007E Bonds, and creates no rights in any other person or entity.

No Bondholder may, without the prior written consent of the Bond Bank, assign any of its rights under the Contract to any other person. The Bond Bank may not assign any of its rights or delegate any of its obligations under the Contract to any other person (other than to any dissemination agent), except that the Bond Bank may assign any of its rights or delegate any of such obligations to any entity (a) into which the Bond Bank merges, with which the Bond Bank consolidates or to which the Bond Bank transfers all or substantially all of its assets or (b) which agrees in writing for the benefit of Bond holders to assume such rights or obligations.

Any failure by any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Bond Bank of any obligation of the Bond Bank under the Contract, within 360 days after the date of such Bondholder first has knowledge of such breach or violation, will constitute a waiver by such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Bondholder for such breach or violation.

For purposes of the Contract, each Bondholder will be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Bond Bank to any NRMSIR, any SID or the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Bondholder was a registered or beneficial owner or holder of any Series 2007E Bond at the time such information, datum, statement or notice was so provided.

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 was also provided by the Government Finance Officer Association (GFOA). The audited financial statements were subsequently filed in September of 2003. Additionally, the annual information filings made pursuant to the Continuing Disclosure Undertaking Agreement relating to The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2000 C 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 County are party to a number of continuing disclosure undertakings that require submission of the CAFR and other annual financial information, generally within 210 days after the close of each fiscal year. The City and County notified each of the NRMSIR and the MSRB that the 2006 audit had not been completed and thus the CAFR and other annual financial information could not be filed within 210 days after December 31, 2006. However, the CAFR and other financial information were filed on October 8, 2007.

### 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 2007E Bonds, the security for the payment of the Series 2007E 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 2007E 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 2007E Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the City, the County, the Qualified Entity, the Trustee, the Registrar and Paying Agent or the Underwriters and the purchasers or owners of any Series 2007E Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

THE INDIANAPOLIS LOCAL PUBLIC  
IMPROVEMENT BOND BANK

By: /s/ Mary Titworth Chandler  
Mary Titworth Chandler, Chair

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APPENDIX A

Form of Approving Bond Counsel Opinion

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## **Form of Bond Counsel Opinion**

Upon delivery of the Series 2007E Bonds, Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, proposes to deliver an opinion in substantially the following form:

December 13, 2007

The Indianapolis Local Public  
Improvement Bond Bank  
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank  
Refunding Bonds, Series 2007E

Ladies and Gentlemen:

We have acted as bond counsel to The Indianapolis Local Public Improvement Bond Bank (the "Issuer") in connection with the issuance by the Issuer of its Refunding Bonds, Series 2007E, dated December 13, 2007 (the "Bonds"), in the aggregate principal amount of \$9,910,000, pursuant to Indiana Code 5-1.4 and 5-1-5, each as amended, and the Trust Indenture, dated as of December 1, 2000, between the Issuer and Hoosier Trust Company, as successor to The Huntington National Bank (successor to Sky Bank, which succeeded Union Federal Savings Bank of Indianapolis), as trustee, as heretofore supplemented by a Supplemental Indenture, dated as of December 1, 2007 (collectively, the "Indenture"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Qualified Entity (as defined in the Indenture) and others, including, without limitation, certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, and the tax and arbitrage certificate of the Qualified Entity, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the report of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein.

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

1. The Issuer is a body corporate and politic validly existing under the laws of the State of Indiana (the "State"), with the corporate power to enter into the Indenture and perform its obligations thereunder and to issue the Bonds.

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

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

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

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

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

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated November 27, 2007, or any other offering material relating to the Bonds.

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

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general

principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that, in our opinion, the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

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

Very truly yours,

BOSE McKINNEY & EVANS LLP

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## APPENDIX B

### Summary of Certain Provisions of Certain Legal Documents

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## **SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

*The following is a summary of certain additional provisions of the Indenture relating to the Series 2007 E Bonds not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture.*

#### **Accounts and Reports**

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

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

#### **Preservation of Tax Exemption for the Bonds**

In order to assure the continuing excludability of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees to take all actions and not to fail to take any actions necessary in order to preserve and protect such excludability. Additionally, the Bond Bank covenants and agrees not to take any action or refrain from taking any action with respect to the investment of the proceeds of the Bonds or the investment or application of any payments under the Qualified Obligations or any other agreement or instrument entered into in connection therewith or with the issuance of the Bonds, including but not limited to any obligation to rebate certain funds to the United States of America, which would result in constituting any Bonds as "arbitrage bonds" or which would adversely affect the excludability from gross income of interest on the Bonds for purposes of federal income taxation. Pursuant to the Indenture, all of such covenants are based solely on current law as in existence and effect on the date of delivery of the Bonds. It will not constitute an Event of Default under the Indenture if the interest on the Bonds is not excludable from gross income for purposes of federal income taxation or otherwise by reason of any provision of the Code not in existence and effect on the date of issuance of the Bonds.

**Covenants Concerning the Bonds**

In order to provide for the payment of the principal of and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principles (i) undertake all necessary actions to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligations which is in default.

**Covenants with Respect to Qualified Obligations**

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

(a) Not to permit or agree to any material change in any Qualified Obligations unless the Bond Bank first supplies the Trustee with a Cash Flow Certificate (as defined in the Indenture) to the effect that, after such change, 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.

(b) To the extent that such action would not adversely affect the validity of the Qualified Obligations or other obligations of the Qualified Entity, the Bond Bank will instruct the Trustee to pursue the remedies set forth in the Act, particularly Indiana Code 5-1.4-8-4.

(c) To enforce or authorize the enforcement of all remedies available to the Bond Bank under the Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, Revenues expected to be received, 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 (as defined in the Indenture), if any, and the Trustee determines that failure to enforce such remedies will not adversely affect the interests of the Bondholders in any material way.

(d) Not to sell or dispose of the Qualified Obligations, unless it first provides the Trustee with a Cash Flow Certificate to the effect that, after such sale or disposition, 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.

**Certification Covenants**

In the event that a deficiency in the Bond Bank Reserve Fund is projected in the annual budget of the Bond Bank, the Chairman of the Board of Directors of the Bond Bank will certify such projected deficiency to the City-County Council on or before December 1 of the year prior

to the Fiscal Year (as defined in the Indenture) in which such deficiency is projected to occur, or within ninety (90) days of such projection, whichever is earlier. Further, regardless of whether any such deficiency was projected for its annual budget and regardless of the time at which such deficiency occurs or is projected to occur, the Bond Bank will take all actions required or allowed under the Act to certify any deficiency or projected deficiency in the Bond Bank Reserve Fund to the City-County Council, within ninety (90) days of such deficiency.

### **Budgets**

The Bond Bank will, at least sixty (60) days prior to the beginning of each Fiscal Year, prepare and file with the Trustee a preliminary budget covering its fiscal operations for the succeeding Fiscal Year which will be open to inspection by any holder of at least five percent (5%) of Outstanding Bonds.

### **Defeasance and Discharge of Lien of Indenture**

If payment or provision for payment is made to the Trustee of the whole amount of principal of and interest due and to become due on all of the Bonds then Outstanding under the Indenture, and if the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such Bonds for redemption at a specified date and pursuant to the Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when payment of the principal of that Bond, plus interest to its due date, either (a) has been made or has been caused to be made in accordance with its terms, or (b) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (i) moneys sufficient to make such payment, (ii) noncallable or nonprepayable Governmental Obligations (as defined in the Indenture) maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will ensure the availability of sufficient moneys to make such payments, or (iii) a combination of such moneys and Governmental Obligations, and all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Trustee pertaining to the Bonds, have been paid or deposited with the Trustee.

Notwithstanding the foregoing, in the event that the principal and/or interest due on the Series 2007 E Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 2007 E Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Bond Bank, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Bond Bank to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

## Events of Default and Remedies

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

- (a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Bond;
- (b) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Indenture or in the Bonds, and fails to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;
- (c) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture, or in any instrument furnished in compliance with or in reference to the Indenture, is materially false or misleading when made, and there has been a failure to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;
- (d) The Bond Bank fails to make remittances required by the Indenture to the Trustee within the time limits prescribed in the Indenture;
- (e) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within sixty (60) days after such filing;
- (f) The Bond Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (g) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days;
- (h) The Bond Bank fails to restore the Bond Bank Reserve Fund to the applicable Bond Bank Reserve Requirement within one hundred twenty (120) days after the end of the Fiscal Year during which a deficiency occurs; or
- (i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

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

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

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

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

(d) By notice to the Bond Bank and the Corporation Counsel of the City, the Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act.

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

So long as the Municipal Bond Insurance Policy is in effect, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Series 2007 E Bonds, and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default.

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

## **Waivers of Events of Default**

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (a) two-thirds in aggregate principal amount of all Bonds then Outstanding in the case of default in the payment of principal of or interest on the Bonds or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then Outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then Outstanding under the Indenture unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the Bondholders will be restored to their former respective positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

## **Rights and Remedies of Owners of Bonds**

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

## **Supplemental Indentures**

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

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of Bonds then Outstanding any additional benefits, rights, remedies, powers or authorities

that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the prejudice of the Bondholders and does not otherwise require the unanimous consent of all Bondholders under the Indenture;

(c) To subject to the lien and pledge of the Indenture additional Revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or any other federal or state statute; provided that any supplemental indenture shall not have a material adverse effect on the interests of any of the owners of the Bonds;

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

(f) To provide for the issuance of each Series of Bonds permitted by Section 2.05 of the Indenture, other than the Series 2007 E Bonds;

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

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

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) will have the right from time to time to consent to and approve the execution by the Bond Bank and the Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture. However, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all Bonds then Outstanding under the Indenture, (a) an extension of the stated date for maturity or redemption or a reduction in the principal amount of or redemption premium, or reduction in the rate or extension of the time of payment of the interest, on any Bonds, (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture other than a lien ratably securing all of the Bonds Outstanding under the Indenture, (c) a reduction in the aggregate principal amount of the Bonds the owners of which are required to consent to such supplemental indenture, (d) the creation of privilege, priority or preference of

any Bond or Bonds over any other Bond or Bonds, or (e) any amendment or modification of the trusts, powers, rights, obligations, duties, remedies and immunities of the Trustee without the written consent of the Trustee.

## **SUMMARY OF CERTAIN PROVISIONS OF THE AUTHORIZING INSTRUMENT**

*The following is a summary of certain additional provisions of the Authorizing Instrument relating to the Qualified Obligations not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Authorizing Instrument.*

### **Issuance of Additional Qualified Obligations**

The Qualified Entity reserves the right to authorize and issue additional bonds ("Parity Bonds") to be sold to the Bond Bank, payable out of the Tax Increment or to otherwise make additional pledges of the Tax Increment ("Parity Pledges"), ranking on a parity with the Qualified Obligations and payable ratably from the Tax Increment for the purpose of raising money for future property acquisition, redevelopment and economic development in or serving the Allocation Areas. Only bonds sold to the Bond Bank are permitted to be issued as Parity Bonds or entitled to a Parity Pledge. The authorization and issuance of such Parity Bonds and Parity Pledges will be subject to the following conditions precedent:

(a) All interest and principal payments with respect to all obligations payable from the Tax Increment must be current to date with no payment in arrears.

(b) The balance in the Debt Service Reserve Account under the Authorizing Instrument must equal the Debt Service Reserve Requirement under the Authorizing Instrument.

(c) The Qualified Entity must have received a certificate prepared by an independent certified public accountant or an independent financial consultant (the "Certifier") certifying that the Tax Increment estimated to be received in each succeeding year, adjusted as provided below, is estimated to be equal to at least one hundred twenty-five percent (125%) of the principal and interest requirements of all obligations of the Qualified Entity payable from Tax Increment for each respective year during the term of the obligations with respect to the Qualified Obligations, the Parity Bonds and the Parity Pledges. In estimating the Tax Increment to be received in any future year, the Certifier will base his calculation on assessed valuation actually assessed or to be assessed as of the assessment date immediately preceding the issuance of the Parity Bonds or the making of Parity Pledges; provided, however, the Certifier shall adjust such assessed values for the current and future reductions of real property tax abatements granted to property owners in the Allocation Areas. No increase in the Tax Increment to be received in any future year will be assumed which results from projected inflation in property values.

Except as provided above, so long as any of the Qualified Obligations are outstanding, no additional bonds, bond anticipation notes or other obligations pledging any portion of the Tax

Increment shall be authorized, executed or issued by the Qualified Entity except such as shall be made subordinate and junior in all respects to the Qualified Obligations, unless all of the Qualified Obligations are redeemed and retired coincidentally with the delivery of such additional bonds, bond anticipation notes or other obligations, or funds sufficient to effect such redemption are available and set aside for that purpose at the time of issuance of such additional bonds, bond anticipation notes or other obligations.

### **Tax Covenants of the Qualified Entity**

In order to preserve the exclusion from gross income of interest on the Qualified Obligations under the Code and as an inducement to the Bond Bank and the purchasers of the Series 2007 E Bonds, the Qualified Entity has covenanted that neither the City nor the Qualified Entity will take any action or fail to take any action with respect to the Qualified Obligations that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Qualified Obligations under Section 103 of the Code, nor will they act in any other manner which would adversely affect such exclusion; and they will not make any investment or do any other act or thing during the period that the Qualified Obligations are outstanding which would cause any of the Qualified Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code. The City and the Qualified Entity will comply with the rebate requirements of Section 148(f) of the Code to the extent required by the Code.

### **Defeasance of Qualified Obligations**

If the Qualified Obligations or a portion thereof shall have become due and payable in accordance with their terms, and the whole amount of the principal and interest so due and payable upon all of the Qualified Obligations or a portion thereof then outstanding shall be paid or (i) sufficient moneys, or (ii) direct noncallable 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, shall be held in trust for such purpose, and provision shall also have been made for paying all fees and expenses in connection with the redemption, then and in that case the Qualified Obligations or portion thereof will no longer be deemed outstanding or an indebtedness of the Qualified Entity or the City. If none of the Qualified Obligations is outstanding, any amounts (including Tax Increment) remaining in the funds and accounts previously secured by the Authorizing Instrument will be used first to pay any rebate amount owed under Section 148(f) of the Code, second to pay any amounts owed on any junior bonds payable from Tax Increment, and third as provided in Indiana Code 36-7-15.1-26 or any successor provision.

No such deposit will be deemed a payment of such Qualified Obligations unless the Trustee shall have received (i) an opinion of nationally recognized bond counsel to the effect that such deposit would not cause any of the Qualified Obligations to be treated as "arbitrage bonds" within the meaning of the Code or any successor provision, and (ii) a verification from an independent nationally recognized certified public accountant or firm of independent nationally recognized certified public accountants appointed by the Controller of the City and acceptable to

the Trustee verifying the sufficiency of the deposit to pay the principal of and interest on the Qualified Obligations to the due date.

### **Supplemental Resolutions**

The Qualified Entity may, from time to time and at any time, without the consent of, or notice to, any of the holders of the Qualified Obligations, adopt resolutions supplemental to the Authorizing Instrument.

(a) To cure any ambiguity or formal defect or omission in the Authorizing Instrument;

(b) To grant to or confer upon the holders of the Qualified Obligations any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the holders of the Qualified Obligations;

(c) To modify, amend or supplement the Authorizing Instrument to permit the qualification of the Qualified Obligations for sale under the securities laws of the United States of America or of any of the states of the United States of America or the qualification of the Authorizing Instrument under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect if such modification, amendment or supplement will not have a material adverse effect on the holders of the Qualified Obligations;

(d) To provide for the refunding or advance refunding of all or a portion of the Qualified Obligations;

(e) To provide, in accordance with the provisions of the Authorizing Instrument, for the issuance of obligations issued on a parity with the Qualified Obligations by the Qualified Entity, acting in the name of the City or the making of Parity Pledges;

(f) To provide, in accordance with the provisions of the Authorizing Instrument, for the issuance of obligations or pledges of Tax Increment which are subordinate and junior in all respects to the Qualified Obligations issued by the Qualified Entity, acting in the name of the City.

(g) To subject to the Authorizing Instrument additional revenues, security, properties or collateral;

(h) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Authorizing Instrument or the succession of a new Registrar or Paying Agent under the Authorizing Instrument;

(i) To amend the Authorizing Instrument for any other purpose which in the judgment of the Qualified Entity and the Trustee does not adversely affect the interests of the holders of the Qualified Obligations in any material way; and

(j) To amend the Authorizing Instrument to permit the Qualified Entity acting in the name of the City to comply with any future federal tax law or any covenants contained in any supplemental resolution with respect to compliance with future federal tax law.

### **Consent to Supplemental Resolutions**

The Authorizing Instrument and the rights and obligations of the Qualified Entity and the holders of the Qualified Obligations may be modified or amended at any time by supplemental resolutions adopted by the Qualified Entity with the consent of the holders of the Qualified Obligations holding at least fifty-one percent (51%) in aggregate principal amount of the Qualified Obligations then outstanding. However, no supplemental resolutions may permit, or be construed as permitting, without the consent of the holders of all of the then outstanding Qualified Obligations, any of the following: (a) an extension of the maturity or mandatory sinking fund redemption schedule of the principal of and interest on the Qualified Obligations, (b) a reduction in the principal amount of any Qualified Obligation or change in the rate of interest on any Qualified Obligation, (c) a privilege or priority of any Qualified Obligation or Qualified Obligations over any other Qualified Obligation or Qualified Obligations, (d) a reduction in the aggregate principal amount of the Qualified Obligations required for consent to such supplemental resolution, (e) the creation of any lien securing any Qualified Obligations other than a lien ratably securing all of the Qualified Obligations at any time outstanding hereunder, (f) a reduction in the Debt Service Reserve Requirement under the Authorizing Instrument or in the lien created by the Authorizing Instrument, (g) a change in the method of accrual of interest on any Qualified Obligations, or (h) a change in the provisions regarding the collection, deposit and allocation of the Tax Increment as set forth in Indiana Code 36-7-15.1-26 and in the Authorizing Instrument.

### **Events of Default Under the Authorizing Instrument**

Any of the following events constitute an "Event of Default" under the Authorizing Instrument:

(a) Default in the due and punctual payment of any interest on any Qualified Obligation; or

(b) Default by the Qualified Entity in the due and punctual payment of the principal of any Qualified Obligation at its stated maturity or at the date required for mandatory redemption.

The Trustee shall notify the holders of all Qualified Obligations then outstanding of such Event of Default by registered or certified mail, and will have the following rights and remedies:

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

(b) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the holders under the Authorizing Instrument, the Trustee will be entitled, as a matter of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the revenues, issues, earnings, income, products and profits secured under the Authorizing Instrument, pending such proceedings, with such powers as the court making such appointment shall confer.

(c) If the Trustee certifies that there are sufficient moneys on deposit in the funds and accounts under the Authorizing Instrument to pay debt service on all the outstanding Qualified Obligations, the Trustee may declare the principal of and accrued interest on all Qualified Obligations to be due and payable immediately in accordance with the Authorizing Instrument.

(d) The Trustee may use certain moneys under the Authorizing Instrument to pay debt service on the Qualified Obligations if there is an Event of Default as to the Qualified Obligations.

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

APPENDIX C

Financial Report Regarding Qualified Entity

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December 5, 2007

Ms. Barbara A. Lawrence, Executive Director  
The Indianapolis Local Public Improvement  
Bond Bank  
200 East Washington Street, Suite 2342  
Indianapolis, IN 46204

Mr. Robert J. Clifford, Controller  
City of Indianapolis  
200 East Washington Street  
Suite 2222  
Indianapolis, IN 46204

Re: The Indianapolis Local Public Improvement  
Bond Bank Refunding Bonds, Series 2007 E

Dear Ms. Lawrence and Mr. Clifford:

In connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) of the Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007 E (the “Bond Bank Bonds”) being issued to purchase the Metropolitan Development Commission of Marion County, Indiana Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A (the “Qualified Obligations”), issued on behalf of the City of Indianapolis, Indiana, we have, at your request, compiled this special purpose report and the following schedules.

Page(s)

C-2 - C-6	General Comments
C-7	Estimated Sources and Uses of Funds
C-8	Amortization of \$9,910,000 Principal Amount of The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007E
C-9	Comparison of Estimated Tax Increment Revenues and Debt Service Payments
C-10	Estimated Annual Combined Tax Increment for the Airport Industrial Economic Development Area
C-11	Estimated Tax Increment from the Airport Industrial Economic Development Area – Taxing District 940
C-12	Estimated Tax Increment from the Airport Industrial Economic Development Area – Other Taxing Districts
C-13	Summary of Historical Tax Increment

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon nor do we have a responsibility to prepare subsequent reports.

# THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

## GENERAL COMMENTS

The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) is issuing \$9,910,000 of The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007 E (the “Bond Bank Bonds”) and use proceeds of the Bond Bank Bonds to purchase the Metropolitan Development Commission of Marion County, Indiana (the “Qualified Entity” or “Commission”) Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A (the “Qualified Obligations”) issued on behalf of the City of Indianapolis, Indiana (the “City”). The Qualified Entity is issuing the Qualified Obligations to finance (i) the advance refunding of \$8,935,000 Redevelopment District Tax Increment Revenue Bonds, Series 2000 A, (ii) various infrastructure improvements within the Airport Industrial Economic Development Area and Allocation Area (the “Original Area”) and the Airport Industrial Economic Development Expansion Area and Allocation Area (the “Expansion Area”) (collectively, the “Areas”), (iii) purchase a bond insurance policy to insure the Bond Bank Bonds, (iv) purchase a surety bond policy to fund the Bond Bank Reserve Fund, and (v) to pay issuance costs.

This Special Purpose Report provides information relating to the Bond Bank Bonds and the corresponding Qualified Obligations, as well as information pertaining to the Areas.

### Background Information Concerning Establishment of the Areas and Approval of Qualified Obligations

The Commission adopted a declaratory resolution on December 5, 1990 (the “Declaratory Resolution”) establishing the Original Area and Allocation Area under IC 36-7-15.1 and IC 36-7-25 for the purposes of capturing Tax Increment (as hereinafter defined) on the incremental assessed value of real property in the Original Area. On November 6, 1991 the Commission adopted a declaratory resolution, designating the Expansion Area (the “Expansion Declaratory Resolution”). The Declaratory Resolution and the Expansion Declaratory Resolution allow for the capture of the growth in all real property assessed value within the Areas in excess of the base assessed value as defined in IC 36-7-15.1-26. The base assessment date for the Original Area is March 1, 1990 and for the Expansion Area the base assessment date is March 1, 1991.

The Commission has determined that the outstanding Redevelopment District Tax Increment Revenue Bonds, Series 2000 A (the “Refunded Bonds”) should be advance refunded to provide substantial savings for the use and benefit of the City and the savings will be applied to the overall costs associated with the Refunded Bonds and to additional improvements in the Areas.

On April 4, 2007, the Commission, acting as the Redevelopment Commission of the City in its role as governing body of the Redevelopment District of the City, adopted Resolution 07-B-006, as will be amended and restated by the Commission on November 21, 2007, pledging the Tax Increment to the repayment of the Qualified Obligations. The Qualified Obligations are limited obligations of the Qualified Entity, secured only by the pledge of the Tax Increment. On April 16, 2007, after consideration and approval by its Administration and Finance Committee, the City-County Council of the City and of Marion County, Indiana, by General Resolution No. 4, 2007 approved the issuance of the Qualified Obligations by the Qualified Entity.

(Continued on next page)

GENERAL COMMENTSTax Increment: Definition and Procedures

Tax Increment consists of all property tax proceeds from the assessed valuation of real property in the Areas as of the assessment date in excess of the base assessed valuation described in IC 36-7-15.1-26(a) multiplied by the current property tax rate and reduced by the additional credit under IC 36-15.1-26.5(e) (referred to throughout this Report as the "Tax Increment"). The base assessed value means the net assessed value of all the property in the respective Areas as finally determined for the assessment date immediately preceding the effective date of the declaratory resolution establishing each of the Areas pursuant to IC 36-7-15.1-26(a). The base assessment date of the Original Area is March 1, 1990 and the base assessment date of the Expansion Area is March 1, 1991.

The next statewide reassessment of real property is scheduled for March 1, 2011 for taxes payable in 2012. Statewide reassessments are scheduled to occur every four years thereafter. Beginning in 2006 tax year payable 2007, all real property assessments will be revalued annually to reflect market value based on comparable sales data ("Trending"). The Department of Local Government Finance (the "DLGF") is required to adjust the base net assessed value after a general reassessment of property and annually after Trending. The purpose of these adjustments is to neutralize the effects of the general reassessment and Trending on property within allocation areas. In making such an adjustment, the DLGF is required to exclude any appealed assessed values until such appeals are resolved.

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

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

(Continued on next page)

GENERAL COMMENTSTax Increment: Definition and Procedures (Cont'd)

Delays in the reassessment or the trending process, the inability to neutralize the effect of reassessment, trending or appeals, could adversely affect the Tax Increment. No adjustment has been made for future general reassessments or for the annual trending of assessed values to the tax increment estimates contained in this Report.

The tax incremental assessed values are determined by subtracting the base net assessed values from the current net assessed values as of the assessment dates. The tax incremental assessed values are then multiplied by the current property tax rate to determine the Tax Increment. IC 36-7-15.1-26.5(e) entitles taxpayers in an allocation area to an additional credit (the "Additional Credit") payable from Tax Increment in an amount equal to the State Property Tax Replacement Credit (the "PTRC").

Under IC 6-1.1-21.2, beginning in 2003, the portion of the State-paid Property Tax Replacement Credit for school general funds was increased from 20% to 60% of the school general fund tax rate. As mentioned above, a change in the PTRC is reflected in the Additional Credit that is applied to Tax Increment. The increase in the Additional Credit (equal to this increased PTRC) would result in a reduction in Tax Increment. IC 6-1.1-21.2 also provided that Tax Increment lost from this increase in the Additional Credit could be replaced by a property tax levy imposed on the District (the "TIF Replacement Levy"). This TIF Replacement Levy is imposed annually by the DLGF, unless the City-County Council rescinds the TIF Replacement Levy. The City-County Council has not taken action previously to rescind the TIF Replacement Levy and the schedules contained in this Report assume that the TIF Replacement Levy will not be rescinded in the future.

After property taxes are paid to the County Treasurer on or before each May 10 and November 10, such taxes are paid over to the Auditor who, based on the previous year's certification, pays the portion of property tax receipts, which represent Tax Increment into the Allocation Fund on or before June 30 or December 31.

Circuit Breaker

In 2006, the General Assembly enacted the Circuit Breaker Tax Credit providing for a reduction in property tax bills to an amount not to exceed two percent (2%) of a taxpayer's gross assessed valuation. In April 2007, the General Assembly amended the Circuit Breaker Tax Credit to the effect that beginning in 2010 for property other than homestead property, the Circuit Breaker Tax Credit would provide for a reduction in property tax bills to an amount not to exceed three percent (3%) of a taxpayer's gross assessed valuation. For property taxes due and payable in 2008 and 2009, the Circuit Breaker Tax Credit is automatically applied only to the property taxes for a taxpayer's homestead (place of residence). The Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit. Based on 2006 property tax data, it is anticipated that the Circuit Breaker credit will not be applied to real property in the Areas.

(Continued on next page.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

(Cont'd)

GENERAL COMMENTS

Sources and Uses of Funds – Page C-7

Expected sources and uses of funds are shown in this schedule. Total uses of funds are estimated to include \$9,559,550 for the advance refunding of the Bond Bank Bonds, Series 2000 D; \$197,456 available to fund additional improvements in the Areas; \$49,526 for the underwriter's discount, \$40,620 to enhance the bond issue with insurance against default, \$18,525 to fund the purchase of a debt service reserve surety and \$120,000 for other costs associated with issuance and contingencies. The costs are to be funded from the proceeds of the \$9,910,000 of Bond Bank Bonds and a \$75,677 reoffering premium. The refunding of the Refunded Bonds will be accomplished by creating an irrevocable escrow account (the "Escrow Account") for the Refunded Bonds. The \$8,935,000 of Refunded Bonds will be payable from the Escrow Account to and including the redemption date of February 1, 2010 with a redemption premium of 1.0%. Immediately following the issuance of the Bond Bank Bonds, the Bond Bank will purchase the Qualified Obligations

Amortization of \$9,910,000 Principal Amount of The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007 E – Page C-8

The amortization of the \$9,910,000 of Bond Bank Refunding Bonds, Series 2007 E is shown in this schedule. The Bond Bank Bonds are dated December 13, 2007 and will mature over a period of approximately 13 years and 2 months with a final maturity of February 1, 2021. The Bond Bank Bonds are amortized based upon actual interest rates determined through a negotiated sale to City Securities Corporation. Principal and interest will be payable semiannually on each February 1 and August 1, commencing on February 1, 2008.

The Qualified Obligations will be issued in a principal amount equal to the aggregate principal amount of the Bond Bank Bonds and will be dated as of the original date of the Bond Bank Bonds. The Qualified Obligations will mature in the same amounts and on the same maturity dates as the Bond Bank Bonds, and will be payable on each February 1 and August 1, commencing on February 1, 2008, and at the same interest rates per annum as the Bond Bank Bonds.

Comparison of Estimated Tax Increment Revenues and Debt Service Payments – Page C-9

This schedule is a comparison of the debt service of the Bond Bank Bonds to the estimated Tax Increment revenues as shown on page C-10.

Estimated Annual Combined Tax Increment for the Airport Industrial Economic Development Area – Page C-10

This schedule shows the combined real property Tax Increment anticipated to be generated in the four taxing districts of the Areas. It is anticipated that the Circuit Breaker credit will not be applied in the Areas.

(Continued on next page.)

GENERAL COMMENTSEstimated Tax Increment from the Airport Industrial Economic Development Area – District 940 – Page C-11

This schedule provides the estimated annual real property Tax Increment from the Airport Industrial Economic Development Area – District 940. The incremental assessed value is multiplied by the 2006 gross tax rate of \$3.4685 less an Additional Credit equal to the Real Property State Property Tax Replacement Credit of 0.187977 for the Wayne Township - Sanitary taxing unit.

Assessments of real property are currently undergoing a state-ordered reassessment for taxes payable in 2007. These changes in assessed value could increase the net assessed value of each taxing district sufficiently to cause a reduction in property tax rates from the amounts shown in this report. Any reduction in property tax rates due to this reassessment could reduce the amounts of tax increment available to pay debt service on the Bond Bank Bonds and these changes could be material.

Estimated Tax Increment from the Airport Industrial Economic Development Area – Other Taxing Districts – Page C-12

This schedule provides the estimated annual real property Tax Increment from the Airport Industrial Economic Development Area – Taxing Districts 240, 908, 941. The incremental assessed value is multiplied by the 2006 gross tax rates less an Additional Credit equal to the Real Property State Property Tax Replacement Credits for the Decatur Township – Sanitary, Wayne Township – Ben Davis Conservancy, and Indianapolis – Wayne Township taxing units.

Assessments of real property are currently undergoing a state-ordered reassessment for taxes payable in 2007. These changes in assessed value could increase the net assessed value of each taxing district sufficiently to cause a reduction in property tax rates from the amounts shown in this report. Any reduction in property tax rates due to this reassessment could reduce the amounts of tax increment available to pay debt service on the Bond Bank Bonds and these changes could be material.

Summary of Historical TIF Collections – Page C-13

This schedule provides the historical TIF collections from the Airport Industrial Economic Development Area for the past 10 years as provided by the City of Indianapolis.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Uses of Funds:

Deposit to Escrow to Refund the Bond Bank Bonds, Series 2000 D	\$9,559,550
Available for additional improvements in the Area	197,456
Underwriter's discount	49,526
Bond insurance	40,620
Debt service reserve surety	18,525
Bond issuance costs and contingencies	<u>120,000</u>
Total Estimated Project Costs	<u><u>\$9,985,677</u></u>

Estimated Sources of Funds:

Bond Bank Refunding Bonds, Series 2007 E	\$9,910,000
Reoffering Premium	<u>75,677</u>
Total Estimated Project Funding	<u><u>\$9,985,677</u></u>

(Subject to the comments in the attached report  
dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

AMORTIZATION OF \$9,910,000 PRINCIPAL AMOUNT OF THE INDIANAPOLIS LOCAL  
PUBLIC IMPROVEMENT BOND BANK REFUNDING BONDS, SERIES 2007 E

Bonds dated December 13, 2007

Payment Date	Principal Outstanding	Principal	Interest Rates	Interest	Total Debt Service	Bond Year Debt Service
02/01/08	\$9,910,000	\$635,000	4.000%	\$53,075.00	\$688,075.00	\$688,075.00
08/01/08	9,275,000	275,000	4.000%	186,331.25	461,331.25	
02/01/09	9,000,000	280,000	4.000%	180,831.25	460,831.25	922,162.50
08/01/09	8,720,000	285,000	4.000%	175,231.25	460,231.25	
02/01/10	8,435,000	295,000	4.000%	169,531.25	464,531.25	924,762.50
08/01/10	8,140,000	300,000	4.000%	163,631.25	463,631.25	
02/01/11	7,840,000	305,000	4.000%	157,631.25	462,631.25	926,262.50
08/01/11	7,535,000	310,000	4.000%	151,531.25	461,531.25	
02/01/12	7,225,000	315,000	4.000%	145,331.25	460,331.25	921,862.50
08/01/12	6,910,000	320,000	4.000%	139,031.25	459,031.25	
02/01/13	6,590,000	330,000	4.000%	132,631.25	462,631.25	921,662.50
08/01/13	6,260,000	335,000	4.000%	126,031.25	461,031.25	
02/01/14	5,925,000	345,000	4.000%	119,331.25	464,331.25	925,362.50
08/01/14	5,580,000	350,000	4.000%	112,431.25	462,431.25	
02/01/15	5,230,000	355,000	4.000%	105,431.25	460,431.25	922,862.50
08/01/15	4,875,000	365,000	4.000%	98,331.25	463,331.25	
02/01/16	4,510,000	370,000	4.000%	91,031.25	461,031.25	924,362.50
08/01/16	4,140,000	380,000	4.000%	83,631.25	463,631.25	
02/01/17	3,760,000	385,000	4.000%	76,031.25	461,031.25	924,662.50
08/01/17	3,375,000	395,000	4.000%	68,331.25	463,331.25	
02/01/18	2,980,000	400,000 (1)	4.000%	60,431.25	460,431.25	923,762.50
08/01/18	2,580,000	410,000 (1)	4.000%	52,431.25	462,431.25	
02/01/19	2,170,000	415,000 (2)	4.000%	44,231.25	459,231.25	921,662.50
08/01/19	1,755,000	425,000 (2)	4.000%	35,931.25	460,931.25	
02/01/20	1,330,000	435,000 (3)	4.125%	27,431.25	462,431.25	923,362.50
08/01/20	895,000	440,000 (3)	4.125%	18,459.38	458,459.38	
02/01/21	455,000	455,000	4.125%	9,384.38	464,384.38	922,843.75
Totals		<u>\$9,910,000</u>		<u>\$2,783,668.75</u>	<u>\$12,693,668.75</u>	<u>\$12,693,668.75</u>

(1) \$810,000 of Term Bonds due August 1, 2018.

(2) \$840,000 of Term Bonds due August 1, 2019.

(3) \$875,000 of Term Bonds due August 1, 2020.

(Subject to the comments in the attached report dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

COMPARISON OF ESTIMATED TAX INCREMENT REVENUES  
AND DEBT SERVICE PAYMENTS

<u>Collection Year</u>	<u>Tax Increment</u> (1)	<u>Debt Service</u> (2)	<u>Surplus</u> (3)	<u>Coverage</u>
2007	\$10,059,930	\$922,868 (4)	\$9,137,063	1090%
2008	10,130,910	922,163	9,208,748	1099%
2009	10,170,940	924,763	9,246,178	1100%
2010	10,202,910	926,263	9,276,648	1102%
2011	10,204,840	921,863	9,282,978	1107%
2012	10,206,230	921,663	9,284,568	1107%
2013	10,207,730	925,363	9,282,368	1103%
2014	10,207,730	922,863	9,284,868	1106%
2015	10,207,730	924,363	9,283,368	1104%
2016	10,207,730	924,663	9,283,068	1104%
2017	10,207,730	923,763	9,283,968	1105%
2018	10,207,730	921,663	9,286,068	1108%
2019	10,207,730	923,363	9,284,368	1105%
2020	10,207,730	922,844	9,284,886	1106%
Totals	<u>\$142,637,600</u>	<u>\$12,928,461</u>	<u>\$129,709,139</u>	

(1) See page C-10.

(2) See page C-8.

(3) Surplus TIF from within the Areas will be deposited in the General Account and used for other improvements in or serving the Areas, including the payment of a portion of the lease rentals of the 1991C, 1995A, and 2005E Bond Bank Bonds which were used to finance incentives for United Airlines.

(4) Includes the \$234,792.50 August 1, 2007 interest payment on 2000 D Bond Bank Bonds.

(Subject to the comments in the attached report dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

ESTIMATED ANNUAL COMBINED TAX INCREMENT FOR THE AIRPORT  
INDUSTRIAL ECONOMIC DEVELOPMENT AREA

Year	Taxing District TIF Number				Total
	240 (1)	940 (2)	908 (1)	941 (1)	
2007	\$3,913,690	\$5,888,800	\$43,670	\$213,770	\$10,059,930
2008	3,913,690	5,959,780	43,670	213,770	10,130,910
2009	3,913,690	5,999,810	43,670	213,770	10,170,940
2010	3,913,690	6,031,780	43,670	213,770	10,202,910
2011	3,913,690	6,033,710	43,670	213,770	10,204,840
2012	3,913,690	6,035,100	43,670	213,770	10,206,230
2013	3,913,690	6,036,600	43,670	213,770	10,207,730
2014	3,913,690	6,036,600	43,670	213,770	10,207,730
2015	3,913,690	6,036,600	43,670	213,770	10,207,730
2016	3,913,690	6,036,600	43,670	213,770	10,207,730
2017	3,913,690	6,036,600	43,670	213,770	10,207,730
2018	3,913,690	6,036,600	43,670	213,770	10,207,730
2019	3,913,690	6,036,600	43,670	213,770	10,207,730
2020	3,913,690	6,036,600	43,670	213,770	10,207,730
Totals	<u>\$54,791,660</u>	<u>\$84,241,780</u>	<u>\$611,380</u>	<u>\$2,992,780</u>	<u>\$142,637,600</u>

(1) See page C-12.

(2) See page C-11.

(Subject to the comments in the attached report  
dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

ESTIMATED TAX INCREMENT FROM THE AIRPORT INDUSTRIAL ECONOMIC DEVELOPMENT AREA  
Taxing District 940

Name	Amount Abated (1)	Length of Abatement (1)	First Year Payable of Tax Abatement (1)	Estimated Assessed Value						
				Tax Year Payable						
				2007	2008	2009	2010	2011	2012	2013
Dugan Realty, SSP LLC	\$374,200	8	2005	\$93,550	\$138,454	\$187,100	\$232,004	\$280,650	\$325,554	\$374,200
Dugan Realty, SSP LLC	81,800	6	2005	27,812	40,900	53,988	67,894	81,800	81,800	81,800
Covance Central Laboratory	2,364,000	10	2000	1,891,200	2,127,600	2,245,800	2,364,000	2,364,000	2,364,000	2,364,000
Dugan Realty, LLC	17,121,600	10	2000	13,697,280	15,409,440	16,265,520	17,121,600	17,121,600	17,121,600	17,121,600
Glenborough Properties	3,715,600	10	1999	3,344,040	3,529,820	3,715,600	3,715,600	3,715,600	3,715,600	3,715,600
Dugan Realty, SSP LLC	93,100	6	2003	61,446	77,273	93,100	93,100	93,100	93,100	93,100
Dugan Realty, SSP LLC	331,000	6	2003	218,460	274,730	331,000	331,000	331,000	331,000	331,000
Dugan Realty, LLC	172,600	6	2002	143,258	172,600	172,600	172,600	172,600	172,600	172,600
Unabated Assessed Value				<u>170,841,454</u>	<u>170,841,454</u>	<u>170,841,454</u>	<u>170,841,454</u>	<u>170,841,454</u>	<u>170,841,454</u>	<u>170,841,454</u>
Total Incremental Assessed Value				<u>190,318,500</u>	<u>192,612,271</u>	<u>193,906,162</u>	<u>194,939,252</u>	<u>195,001,804</u>	<u>195,046,708</u>	<u>195,095,354</u>
Net Tax Rate (2)				<u>\$2.8165</u>	<u>\$2.8165</u>	<u>\$2.8165</u>	<u>\$2.8165</u>	<u>\$2.8165</u>	<u>\$2.8165</u>	<u>\$2.8165</u>
Estimated Tax Increment				<u>5,360,320</u>	<u>5,424,930</u>	<u>5,461,370</u>	<u>5,490,470</u>	<u>5,492,230</u>	<u>5,493,490</u>	<u>5,494,860</u>
Less: 3% Circuit Breaker Credit (3)				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Tax Increment				<u>5,360,320</u>	<u>5,424,930</u>	<u>5,461,370</u>	<u>5,490,470</u>	<u>5,492,230</u>	<u>5,493,490</u>	<u>5,494,860</u>
Plus: Estimated TIF Replacement Levy (4)				<u>528,480</u>	<u>534,850</u>	<u>538,440</u>	<u>541,310</u>	<u>541,480</u>	<u>541,610</u>	<u>541,740</u>
Total Tax Increment				<u><u>\$5,888,800</u></u>	<u><u>\$5,959,780</u></u>	<u><u>\$5,999,810</u></u>	<u><u>\$6,031,780</u></u>	<u><u>\$6,033,710</u></u>	<u><u>\$6,035,100</u></u>	<u><u>\$6,036,600</u></u>

- (1) Per information provided by the Marion County Auditor's office.
- (2) Based on the 2006 gross tax rate of \$3.4685 less the additional credit equal to the real property tax replacement credit of 0.187977 for Wayne Township - Sanitary.
- (3) Assumes that the effective property tax rates will be below the three percent threshold for the Circuit Breaker Tax Credit, which becomes effective in 2010.
- (4) Assumes the MDC adopts the TIF Replacement Levy for this Area. Based on 40% of pay 2006 school general fund tax rate.

(Subject to the comments in the attached report dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

ESTIMATED TAX INCREMENT FROM THE AIRPORT INDUSTRIAL ECONOMIC DEVELOPMENT AREA

*Other Taxing Districts*

<u>District</u>	<u>Taxing District #</u>	<u>Incremental Assessed Value</u> (1)	<u>Net Tax Rate</u>	<u>Estimated Pay 2007 Tax Increment</u>	<u>Estimated TIF Replacement Levy</u> (2)	<u>Less: 3% Circuit Breaker Credit</u> (3)	<u>Net Tax Increment After Circuit Breaker</u>
Decatur Twp. Airport EDA	240	\$125,738,360	\$2.8410 (4)	\$3,572,290	\$341,400	\$0	\$3,913,690
Wayne Twp. Airport EDA	908	1,411,410	2.8165 (5)	39,750	3,920	0	43,670
Wayne Twp.	941	7,140,900	2.6587 (6)	189,860	23,910	0	213,770

(1) Per information provided by the Marion County Auditor's office.

(2) Assumes the MDC adopts the TIF Replacement Levy for this Area. Based on 40% of pay 2006 school general fund tax rate.

(3) Assumes that the effective property tax rates will be below the three percent threshold for the Circuit Breaker Tax Credit, which becomes effective in 2010.

(4) Based on the 2006 gross tax rate of \$3.4505 less the additional credit equal to the real property tax replacement credit of 0.176627 for Decatur Township - Sanitary.

(5) Based on the 2006 gross tax rate of \$3.4685 less the additional credit equal to the real property tax replacement credit of 0.187977 for Wayne Township - Ben Davis Conservancy.

(6) Based on the 2006 gross tax rate of \$3.5639 less the additional credit equal to the real property tax replacement credit of 0.253981 for Indianapolis - Wayne Township.

(Subject to the comments in the attached report dated December 5, 2007 of Umbaugh.)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

SUMMARY OF HISTORICAL TAX INCREMENT  
(Unaudited)

<u>TIF District</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Decatur Twp Arpt EDA - 240	\$166,389	\$280,924	\$812,923	\$1,112,266	\$1,605,669	\$2,089,693	\$2,398,533	\$3,085,363	\$2,047,952	\$3,217,755
Wayne Twp Arpt EDA - 908	16,578	173	(165)	0	0	(464)	0	0	0	35,691
Wayne Twp Arpt EDA - 940	1,305,677	1,556,504	1,518,979	1,966,416	2,164,481	2,535,261	3,183,648	3,383,762	4,283,357	4,478,528
Wayne Twp Arpt EDA - 941	<u>3,718</u>	<u>3,682</u>	<u>9,217</u>	<u>(1,135)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,003</u>
Subtotal	1,492,362	1,841,282	2,340,954	3,077,547	3,770,150	4,624,490	5,582,181	6,469,125	6,331,309	7,740,977
TIF Replacement Levy	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>528,993</u>	<u>699,590</u>	<u>750,928</u>	<u>776,215</u>
Total TIF Revenue	<u>\$1,492,362</u>	<u>\$1,841,282</u>	<u>\$2,340,954</u>	<u>\$3,077,547</u>	<u>\$3,770,150</u>	<u>\$4,624,490</u>	<u>\$6,111,174</u>	<u>\$7,168,716</u>	<u>\$7,082,236</u>	<u>\$8,517,192</u>

(Subject to the comments in the attached report dated December 5, 2007 of Umbaugh.)

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APPENDIX D

Specimen of Bond Insurance Policy

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## Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



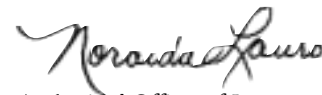
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

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APPENDIX E

Specimen Debt Service Reserve Surety Bond Policy

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## SURETY BOND

### Ambac Assurance Corporation

Statutory Office:  
c/o CT Corporation  
44 East Mifflin Street  
Madison, Wisconsin 53703

Administrative Office:  
One State Street Plaza  
New York, New York 10004  
Telephone: (212) 668-0340

Policy No. SB\_\_\_\_BE

Ambac Assurance Corporation (“Ambac”), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments which are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and which are required to be made by or on behalf of the \_\_\_\_\_ (the “Obligor”) to \_\_\_\_\_ (the “Trustee”), as such payments are due by the Obligor but shall not be so paid pursuant to a \_\_\_\_\_, dated as of \_\_\_\_\_ (the “Ordinance”), by and between the Obligor and the Trustee, authorizing the issuance of \$ \_\_\_\_\_ (the “Obligations”) of said Obligor and providing the terms and conditions for the issuance of said Obligations; provided that the amount available at any particular time to be paid to the Trustee under the terms hereof shall not exceed the Surety Bond Coverage, defined herein as the lesser of \$ \_\_\_\_\_ or the Debt Service Reserve Fund Requirement for the Obligations, as that term is defined in the Ordinance (the “Reserve Requirement”). The Surety Bond Coverage shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term “Owner” shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable Trustee, the Obligor or any designee of the Obligor for such purpose. The term “Owner” shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment of the Obligations.
2. Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached hereto as Attachment 1 (the “Demand for Payment”), duly executed by the Trustee certifying that payment due as required by the Ordinance has not been made to the Trustee; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Trustee to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Trustee or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage.
3. Demand for Payment hereunder may be made by prepaid telecopy, telex, or telegram of the executed Demand for Payment c/o the General Counsel of Ambac. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, Ambac shall give notice to the Trustee, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being

notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Trustee may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Trustee is entitled and able to do so.

4. The amount payable by Ambac under this Surety Bond pursuant to a Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by Ambac hereunder and will be reinstated to the extent of each reimbursement of Ambac by the Obligor pursuant to Article II of the Guaranty Agreement, dated as of [**the date of the Obligations**] (the “Guaranty Agreement”), by and between Ambac and the Obligor; provided, that in no event shall such reinstatement exceed the Surety Bond Coverage. Ambac will notify the Trustee, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Guaranty Agreement and such reinstatement shall be effective as of the date Ambac gives such notice. The notice to the Trustee will be substantially in the form attached hereto as Attachment 2. The Surety Bond Coverage shall be automatically reduced to the extent that the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.
5. Any service of process on Ambac may be made to Ambac or the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, General Counsel will act as agent for the acceptance of service of process and its offices are located at One State Street Plaza, New York, New York 10004, Telephone: (212) 668-0340.
6. This Surety Bond is noncancelable for any reason. The term of this Surety Bond shall expire on the earlier of (i) \_\_\_\_\_ (**the maturity date of the Obligations**) or (ii) the date on which the Obligor, to the satisfaction of Ambac, has made all payments required to be made on the Obligations pursuant to the Ordinance. The premium on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.
7. This Surety Bond shall be governed by and interpreted under the laws of the State of Wisconsin, and any suit hereunder in connection with any payment may be brought only by the Trustee within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and Ambac has failed to make such payment or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Trustee to deliver to Ambac a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

IN WITNESS WHEREOF, Ambac has caused this Surety Bond to be executed and attested on its behalf this \_\_\_ day of \_\_\_\_\_, 20\_\_.

Ambac Assurance Corporation

Attest: \_\_\_\_\_  
Assistant Secretary

By: \_\_\_\_\_  
Vice President

Attachment 1

Surety Bond No. SB\_\_\_\_BE

DEMAND FOR PAYMENT

, 20\_\_

Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attention: General Counsel

Reference is made to the Surety Bond No. SB\_\_\_\_BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Trustee hereby certifies that:

(a) Payment by the Obligor to the Trustee was due on \_\_\_\_\_ [a date not less than one (1) day prior to the applicable payment date for the Obligations] under the Ordinance attached hereto as Exhibit A, in an amount equal to \$ \_\_\_\_\_ (the "Amount Due"). The Amount Due is payable to the Owners of the Obligations on \_\_\_\_\_.

(b) \$ \_\_\_\_\_ has been deposited in the \_\_\_\_\_ [fund/account] from moneys paid by the Obligor or from other funds legally available to the Trustee for payment to the Owners of the Obligations, which amount is \$ \_\_\_\_\_ less than the Amount Due (the "Deficiency").

(c) The Trustee has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Trustee hereby requests that payment of the Deficiency (up to but not in excess of the Surety Bond Coverage) be made by Ambac under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

\_\_\_\_\_ [Trustee's Account]

[Trustee]

By: \_\_\_\_\_

Its: \_\_\_\_\_

*A person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.*

Attachment 2

Surety Bond No. SB\_\_\_BE

NOTICE OF REINSTATEMENT

, 20\_\_

[Trustee]

[Address]

Reference is made to the Surety Bond No. SB\_\_\_BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

Ambac hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$\_\_\_\_\_, subject to a reduction as the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.

AMBAC ASSURANCE CORPORATION

Attest: \_\_\_\_\_  
Title:

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