

*In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana (together “Co-Bond Counsel”), under existing laws, interest on the Series 2010 B-1 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2010 B-1 Bonds, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and, pursuant to the American Recovery and Reinvestment Act, signed into law on February 17, 2009, is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Interest on the Series 2010 B-2 Bonds (as hereinafter defined) is **not** excludable from gross income for federal income tax purposes. In the opinion of Co-Bond Counsel, under existing laws, interest on the Series 2010 B Bonds (as hereinafter defined) is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See “TAX MATTERS” and APPENDIX D “Form of Opinion of Co-Bond Counsel” herein.*

\$465,580,000

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

\$106,250,000

Bonds, Series 2010 B-1

\$359,330,000

**Bonds, Series 2010 B-2 (Build
America Bonds-Direct Payment-
Federally Taxable)**

Dated: Date of Delivery

Due: as shown on the inside cover

The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-1 (the “Series 2010 B-1 Bonds”) and The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-2 (Build America Bonds-Direct Payment-Federally Taxable) (the “Series 2010 B-2 Bonds”), and together with the Series 2010 B-1 Bonds, the “Series 2010 B 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 2010 B Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2010 B Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2010 B Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Series 2010 B Bonds. Interest on the Series 2010 B Bonds is payable on January 15 and July 15 of each year commencing January 15, 2011. Interest, together with the principal and redemption premium, if any, of the Series 2010 B Bonds, will be paid directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2010 B Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2010 B 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 2010 B BONDS - Book-Entry-Only System.”

The Series 2010 B Bonds are issued by The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”) for the principal purposes of providing funds to: (i) purchase the 2010 B Qualified Obligations (as hereinafter defined) to be issued by the Indianapolis-Marion County Building Authority (the “Qualified Entity”); (ii) fund a reserve for the Series 2010 B Bonds; (iii) fund interest on the Series 2010 B Bonds due on January 15, 2011; and (iv) pay the costs of issuance of the Series 2010 B Bonds and related expenses, as more fully described in this Official Statement.

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

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

The Bond Bank intends, upon the issuance of the Series 2010 B-2 Bonds, to make an irrevocable election to treat the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Internal Revenue Code of 1986, as amended (the “Code”), and “qualified bonds” under Section 54AA(g) of the Code, and, prior to each interest payment date for the Series 2010 B-2 Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the Series 2010 B-2 Bonds on such date, under Section 6431 of the Code. Holders of the Series 2010 B-2 Bonds will not be entitled to any tax credits as a result of their ownership of or receipt of any interest on the Series 2010 B-2 Bonds. See “THE SERIES 2010 B BONDS—Series 2010 B-2 Bonds as Direct Payment ‘Build America Bonds’” and “TAX MATTERS—Series 2010 B-2 Bonds.”

The Series 2010 B 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. The Series 2010 B Bonds do not constitute a debt, liability or loan of the credit of the State of Indiana or any political subdivision thereof, including the City of Indianapolis, Indiana (the “City”), Marion County, Indiana (the “County”), or 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, the County or the Qualified Entity. The sources of payment of, and security for, the Series 2010 B Bonds are more fully described herein. The Bond Bank has no taxing power.

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

The Series 2010 B Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the counsel described herein under the caption “CERTAIN LEGAL MATTERS.” It is expected that the Series 2010 B Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 4, 2010.

Citi

**Backstrom McCarley Berry & Co., LLC
Loop Capital Markets, LLC**

J.P. Morgan (Series 2010 B-2 Bonds only)

**Cabrera Capital Markets, LLC
Morgan Keegan & Company, Inc.**

**City Securities Corporation
PNC Capital Markets LLC**

\$106,250,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
BONDS, SERIES 2010 B-1

<u>Maturity Date</u> (January 15)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽¹⁾</u>
2013	\$2,270,000	2.000%	1.100%	102.529%	45528S5A0
2014	2,320,000	2.000	1.470	101.982	45528S5B8
2015	2,370,000	3.000	1.900	105.086	45528S5C6
2016	6,320,000	3.000	2.340	103.595	45528S5D4
2016	4,310,000	5.000	2.340	114.493	45528S5E2
2017	6,375,000	3.000	2.710	101.803	45528S5F9
2017	4,660,000	5.000	2.710	114.251	45528S5G7
2018	1,215,000	3.000	3.000	100.000	45528S5H5
2018	10,245,000	5.000	3.000	113.914	45528S5J1
2019	4,575,000	4.000	3.190	106.208	45528S5K8
2019	7,435,000	5.000	3.190	113.875	45528S5L6
2020	12,565,000	5.000	3.350	113.758	45528S5M4
2021	13,190,000	5.000	3.470 ⁽²⁾	112.683	45528S5N2
2022	13,855,000	5.000	3.560 ⁽²⁾	111.885	45528S5P7
2023	14,545,000	5.000	3.650 ⁽²⁾	111.094	45528S5Q5

\$359,330,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
BONDS, SERIES 2010 B-2 (BUILD AMERICA BONDS-DIRECT PAYMENT-FEDERALLY TAXABLE)

\$109,330,000 5.966% Term Bonds Due January 15, 2030, Priced at par, CUSIP⁽¹⁾ 45528S5R3
\$250,000,000 6.116% Term Bonds Due January 15, 2040, Priced at par, CUSIP⁽¹⁾ 45528S5S1

- (1) The CUSIP number listed above is being provided solely for the convenience of the holders of the Series 2010 B Bonds only, and the Bond Bank does not make any representations with respect to such number or undertake any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the Series 2010 B Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of the Series 2010 B Bonds.
- (2) Yield to par call on January 15, 2020.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2010 B Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank, the Qualified Entity or the Underwriters. This Official Statement, which includes the cover page and appendices, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 B Bonds by any person, in any state or other jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the Bond Bank or the Qualified Entity or in the information presented herein since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 B 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 2010 B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK, THE QUALIFIED ENTITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE SERIES 2010 B 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 INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

BOARD OF DIRECTORS

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

Kevin D. Taylor, Executive Director
Deron S. Kintner, Deputy Executive Director and General Counsel

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BOARD OF DIRECTORS

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Donald B. Altemeyer, V. President
William S. Sahn, Secretary
Vaneeta M. Kumar
Herman W. Oliver

Ron Reinking, Executive Director
Wanda Elliott, Finance Director

THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY

BOARD OF TRUSTEES

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Lula M. Journey, Vice Chairperson
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Gregory S. Fehribach
Joyce D. Irwin
Marjorie H. O'Laughlin
Robert B. Pfeifer

Matthew R. Gutwein, President and Chief Executive Officer
Daniel E. Sellers, Treasurer and Chief Financial Officer
Lisa E. Harris, M.D., CEO and Medical Director, Wishard Health Services
Virginia A. Caine, M.D., Director, Marion County Health Department

CO-BOND COUNSEL

Barnes & Thornburg LLP
Indianapolis, Indiana

Graham & Associates, PC
Indianapolis Indiana

CO-UNDERWRITERS COUNSEL

Ice Miller LLP
Indianapolis, Indiana

Gonzalez Saggio & Harlan LLP
Indianapolis, Indiana

TRUSTEE

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

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**OFFICIAL STATEMENT
RELATING TO
\$465,580,000**

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

\$106,250,000
Bonds, Series 2010 B-1

\$359,330,000
Bonds, Series 2010 B-2 (Build
America Bonds-Direct Payment-
Federally Taxable)

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 (i) \$106,250,000 aggregate principal amount of Bonds, Series 2010 B-1 (the "Series 2010 B-1 Bonds"); and (ii) \$359,330,000 aggregate principal amount of Bonds, Series 2010 B-2 (Build America Bonds-Direct Payment-Federally Taxable) (the "Series 2010 B-2 Bonds" and, together with the Series 2010 B-1 Bonds, the "Series 2010 B Bonds") to be issued by the Bond Bank. The Series 2010 B Bonds have been authorized by a Resolution adopted by the Board of Directors of the Bond Bank on January 25, 2010, and will be issued pursuant to the provisions of a Trust Indenture, dated as of March 1, 2010 (the "Indenture"), between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the laws of the State of Indiana, (the "State") including particularly Indiana Code 5-1.4, as amended from time to time (the "Act"). The Trustee is the Registrar and Paying Agent ("Registrar" or "Paying Agent") under the Indenture.

All financial and other information presented in this Official Statement has been provided by The Health and Hospital Corporation of Marion County, Indiana (the "HHC") from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of HHC. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

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

The Program

The proceeds from the sale of the Series 2010 B Bonds will be used to provide funds to (i) purchase the 2010 B Qualified Obligations (as hereinafter defined) to be issued by the Indianapolis-Marion County Building Authority (the "Qualified Entity"), (ii) fund a reserve for the Series 2010 B Bonds, (iii) fund interest due on the Series 2010 B Bonds on January 15, 2011, and (iv) pay costs of issuance of the Series 2010 B Bonds and related expenses. The Qualified Entity will use the proceeds of the 2010 B Qualified Obligations to fund a portion of the cost of the Wishard Hospital Project (as hereinafter defined), interest on the 2010 B Qualified Obligation on January 15, 2011 and costs of issuance. See the caption "THE WISHARD HOSPITAL PROJECT." The portion of the Wishard Hospital Project being leased to HHC pursuant to the Master Lease (Wishard Hospital Project), dated as of March 1, 2010 (the "Lease"), between the Qualified Entity, as lessor, and HHC, as lessee, is referred to herein as the Leased Premises. The Qualified Entity has adopted resolutions approving the Lease and the issuance of its Wishard Hospital Project Bonds, Series 2010 B-1 and Wishard Hospital Project Bonds, Series 2010 B-2 (collectively, the "2010 B Qualified Obligations") on December 11, 2009 and February 16, 2010. The Qualified Entity will issue the 2010 B Qualified Obligations pursuant to a Trust Indenture, dated as of March 1, 2010 (the "QE Indenture")

between the Qualified Entity and The Bank of New York Mellon Trust Company, N.A., as trustee (the "QE Trustee"), and the laws of the State, including particularly Indiana Code 36-9-13, as amended (the "QE Statute"). The Qualified Entity will enter into a Qualified Entity Purchase Agreement (the "Series 2010 B Qualified Entity Purchase Agreement") with the Bond Bank and HHC setting forth the terms of the purchase of such 2010 B Qualified Obligations by the Bond Bank. HHC adopted Resolution No. 15-2009 on December 15, 2009 approving the Lease.

On November 30, 2009, the City-County Council of the City of Indianapolis, Indiana and the County of Marion, Indiana (the "City-County Council") adopted a resolution approving the Lease for the purpose of financing the Wishard Hospital Project.

Other Bonds for the Wishard Hospital Project

HHC also adopted Resolution No. 16-2009 on December 15, 2009 (the "General Obligation Bond Resolution") authorizing the issuance of its General Obligation Bonds (Wishard Hospital Project), Series 2010A -1 and General Obligation Bonds (Wishard Hospital Project), Series 2010 A-2 (collectively, the "2010 A General Obligation Bonds") and the sale thereof to the Bond Bank. The 2010 A General Obligation Bonds are general obligations of HHC payable from an unlimited ad valorem property tax levied on all taxable property in HHC, which is coterminous with the County of Marion, Indiana (the "County"), including the City of Indianapolis, Indiana (the "City"), to the extent other revenues of HHC are not sufficient for such purpose, and are issued pursuant to Indiana Code 16-22-8, as amended (the "HHC Statute"). The 2010 A General Obligations Bonds are expected to be issued in the aggregate principal amount of \$195,000,000 and purchased by the Bond Bank from the proceeds of its (i) \$40,800,000 aggregate principal amount of Bonds, Series 2010 A-1 (the "Series 2010 A-1 Bonds"); and (ii) \$154,200,000 aggregate principal amount of Bonds, Series 2010 A-2 (Build America Bonds-Direct Payment-Federally Taxable) (the "Series 2010 A-2 Bonds" and, together with the Series 2010 A-1 Bonds, the "Series 2010 A Bonds") on February 17, 2010.

Security and Sources of Payment for the Series 2010 B Bonds

The Series 2010 B Bonds will be issued under and secured under the Indenture. The Series 2010 B-1 Bonds and the Series 2010 B-2 Bonds will be issued on a parity basis under the Indenture. The principal of and interest on any and all of the Series 2010 B Bonds, together with any additional bonds and any refunding bonds (collectively, the "Additional Bonds") that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2010 B Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which, together with the 2010 B 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 or any political subdivision thereof, including the County, the City, the Qualified Entity, and HHC, are pledged to the payment of the principal of, premium, if any, and interest on any of the Bonds. The Bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, the Qualified Entity or HHC. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act.

The Series 2010 B Bonds are also secured by the Debt Service Reserve Fund ("Reserve Fund") created under the Indenture. At the time of issuance of the Series 2010 B Bonds, the Reserve Fund will be funded with proceeds of the Series 2010 B Bonds in an amount equal to the Reserve Requirement (as hereinafter defined). **ALTHOUGH THE RESERVE FUND WILL BE ESTABLISHED FOR THE BONDS, THE APPROVING RESOLUTION OF THE BOND BANK PROVIDES THAT SUCH RESERVE FUND WILL NOT CONSTITUTE A RESERVE FUND UNDER INDIANA CODE 5-1.4-5, AS AMENDED. CONSEQUENTLY, IN THE EVENT OF A DEFICIENCY IN THE RESERVE FUND, THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE BOND BANK WILL NOT SEEK AN APPROPRIATION FROM THE CITY-COUNTY COUNCIL PURSUANT TO INDIANA CODE 5-1.4-5, AS AMENDED, TO RESTORE THE RESERVE FUND TO AN AMOUNT EQUAL TO THE RESERVE REQUIREMENT. NOR HAS THE CITY-COUNTY COUNCIL APPROVED ANY INTENT TO APPROPRIATE ANY MONEY TO RESTORE THE RESERVE FUND TO AN AMOUNT EQUAL TO THE RESERVE REQUIREMENT.**

The Bonds are issued and secured separately from any other obligations issued by the Bond Bank, including the Series 2010 A Bonds.

Under the Indenture, the Bonds are secured by the pledge to the Trustee of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be all property, rights and amounts pledged and assigned by the Indenture, the 2010 B Qualified Obligations and any Additional Qualified Obligations (as hereinafter defined) acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including all Qualified Obligation Payments (as hereinafter defined), the funds and accounts (the "Funds" and the "Accounts") created or established under the Indenture and all moneys and investments therein, but not the Rebate Fund established under the Indenture (the "Rebate Fund"), and the Revenues (as hereinafter defined); notwithstanding the foregoing, until all Building Authority Affidavits of Completion (as hereinafter defined) are filed with respect to the projects financed with the proceeds of a particular Series (as hereinafter defined) of Bonds, the Trust Estate with respect to such Series of Bonds shall consist of only (i) the proceeds of such Series of Bonds which are deposited into the accounts of the Funds established at the time such Series of Bonds are issued (other than the Rebate Fund), and (ii) any other funds specifically pledged to such Series of Bonds in the Supplemental Indenture (as hereinafter defined) executed and delivered at the time such Series of Bonds are issued. All Bonds will be secured equally and ratably by the Trust Estate. The sources of payment for the Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS."

The 2010 B Qualified Obligations will be issued and secured on a parity basis under the QE Indenture. The principal of, premium, if any, and interest on the 2010 B Qualified Obligations, together with any additional qualified obligations and any refunding qualified obligations that may be authorized and issued by the Qualified Entity under the QE Indenture on a parity with the 2010 B Qualified Obligations (collectively the "Qualified Obligations"), are payable from the fixed rental payments made by HHC under the Lease (the "Fixed Annual Rental Payments") and Other Income (as hereinafter defined), all proceeds of the Qualified Obligations and other cash and securities held in the funds and accounts created under the QE Indenture (except the Rebate Fund established under the QE Indenture) and the investment earnings thereon and all proceeds thereof, and all other properties and moneys hereafter pledged to the QE Trustee as security by the Qualified Entity to the extent of such pledge (collectively, the "QE Trust Estate"). Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the City, the County, the Qualified Entity and HHC, are pledged to the payment of the principal of, premium, if any, and interest on any of the Qualified Obligations. The Qualified Obligations are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, the Qualified Entity or HHC. The Qualified Entity has no taxing power and has only those powers and sources of revenue set forth in the QE Statute.

The obligations of HHC to make Fixed Annual Rental Payments and Additional Rental Payments (as hereinafter defined) under the Lease are payable by HHC from an unlimited ad valorem property tax required by law to be levied by or on behalf of HHC, to the extent other revenues of HHC are not sufficient for such purpose; however, HHC's obligation to make Fixed Annual Rental Payments and Additional Rental Payments (collectively, the "Lease Rental Payments") and to levy such taxes is subject to certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS – The Lease". The projects for which the 2010 B Qualified Obligations are being issued and which are the subject of the Lease are included within the Wishard Hospital Project, which was approved by a public referendum on November 3, 2009. The sources of payment for the 2010 B Qualified Obligations are further described under the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS" and "PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION; AND CIRCUIT BREAKER LEGISLATION" herein.

The Series 2010 B Bonds

Interest on the Series 2010 B Bonds will accrue over time at the rates per annum set forth on the inside cover page hereof. Interest on the Series 2010 B Bonds will be payable on January 15, 2011 and semiannually on each January 15 and July 15 thereafter. The Series 2010 B Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. See "THE SERIES 2010 B BONDS."

The Series 2010 B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2010 B Bonds will be made in

book-entry-only form. Purchasers of the Series 2010 B Bonds will not receive certificates representing their beneficial ownership interest in the Series 2010 B Bonds. Interest on the Series 2010 B Bonds, together with the principal of the Series 2010 B Bonds, will be paid by the Paying Agent directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2010 B Bonds. See "THE SERIES 2010 B BONDS - Book-Entry-Only System."

Certain Series 2010 B Bonds are subject to optional and mandatory redemption prior to maturity as described herein under the caption "THE SERIES 2010 B BONDS – Redemption Provisions of the Series 2010 B-1 Bonds" and "– Redemption Provisions of the Series 2010 B-2 Bonds."

Series 2010 B-2 Bonds as Direct Payment "Build America Bonds"

Pursuant to the America Recovery and Reinvestment Act of 2009 signed into law February 17, 2009 (the "Recovery Act"), the Bond Bank intends, upon the issuance of the Series 2010 B-2 Bonds, to make an irrevocable election to treat the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d) of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2010 B-2 Bonds (the "Code"), and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the Series 2010 B-2 Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the Series 2010 B-2 Bonds on such date, under Section 6431 of the Code. Holders of the Series 2010 B-2 Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the Series 2010 B-2 Bonds. See "THE SERIES 2010 B BONDS—Series 2010 B-2 Bonds as Direct Payment 'Build America Bonds'" and "TAX MATTERS—Series 2010 B-2 Bonds."

The Bond Bank and the Act

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

Pursuant to the Act, the purpose of the Bond Bank is to buy and sell securities of a "qualified entity," as defined in the Act 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 City-County Council under Indiana Code 36-3-6-9, and any authority created under Indiana Code Title 36 that leases land or facilities to any of the foregoing qualified entities. The Indianapolis-Marion County Building Authority 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, the QE Indenture, and the Lease and definitions of some of the capitalized words and terms used in this Official Statement are set forth in APPENDIX C "Summary of Principal Financing Documents and Definitions."

Audited basic financial statements of HHC for the year ended December 31, 2008 are attached hereto as APPENDIX B. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION" herein.

Information contained in this Official Statement with respect to the Bond Bank, the Qualified Entity and HHC and copies of the Indenture, the QE Indenture and the Lease 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 WISHARD HOSPITAL PROJECT

Beginning in 2007, the leadership team of HHC began the review and evaluation of the necessity of modernizing or replacing the existing Wishard Memorial Hospital and related facilities ("Existing Facilities") and the best approach to such modernization or replacement of the Existing Facilities, the oldest of which were originally constructed in 1914. HHC assembled national and local experts to assist the leadership team in analyzing and evaluating every option to determine the most efficient, cost effective and high quality option. Numerous alternatives and selection criteria were developed during this phase. HHC extensively evaluated each option under the identified selection criteria, including community need, cost and efficiency. Based on this analysis, HHC determined that the best solution was to build replacement hospital and healthcare facilities ("Replacement Facilities") to be located on a new site adjacent to the campus of the Indiana University School of Medicine at the Indiana University-Purdue University at Indianapolis ("Campus"). HHC and Indiana University ("IU") have entered into the Real Estate Exchange Agreement dated November 4, 2009 (the "Real Estate Exchange Agreement") to exchange the site of the Existing Facilities on the Campus for the site of the Replacement Facilities and the Related Facilities (as hereinafter defined).

Although HHC has maintained and modernized the Existing Facilities over the years, the physical sizes and layout of space did not accommodate the needed modernizations. In many instances, existing rooms could not accommodate the standard equipment needed for patient care and utility passageways could not handle the required mechanical and electrical system upgrades. The Existing Facilities are currently comprised of 17 buildings.

The Replacement Facilities will be comprised of a new 12-story replacement hospital facility of approximately 850,000 square feet with 315 beds, 12 labor delivery recovery beds, and 15 nursery beds (the "Hospital Facility"), and an adjacent six-story structure of approximately 175,000 square feet housing the outpatient clinic facilities (the "Ambulatory Clinic Facility"). The Replacement Facilities are planned to be completed and open in December, 2013. The Replacement Facilities also include a data center which will be located on the seventh floor in the Hasbrook Building ("Data Center") at 3838 N. Rural Street in Indianapolis, Indiana and is expected to be completed in December, 2011. In addition to the Replacement Facilities, the Master Facility Plan includes the construction of a seven-story office building of approximately 207,000 square feet ("Office Building") to provide administrative offices for Wishard Health Services and Indiana University, expected to be completed in December, 2013; a six-story parking garage of approximately 2,300 spaces ("Parking Garage"), expected to be completed in January, 2012; and a consolidated utility plant ("Power Plant"), expected to be completed in December, 2013. The Office Building, the Parking Garage and the Power Plant are referred to herein as the "Related Facilities".

Upon completion of the Replacement Facilities, the Data Center and the Related Facilities (collectively, the "Wishard Hospital Project"), HHC will have an all new, modern campus to provide health services in support of its mission.

Estimated Project Costs and Funding Sources; Plan of Finance

The total estimated cost of the Replacement Facilities, the related sitework and demolition, the Data Center and the portion of the Power Plant to be funded by HHC ("Power Plant/HHC Portion") is set forth in the table below. In addition to the proceeds of the 2010 B Qualified Obligations, HHC will use the proceeds of the 2010 A General Obligation Bonds and the cash contribution of approximately \$150,000,000 by HHC to fund the cost of the Replacement Facilities, the related sitework and demolition and the Power Plant/HHC Portion as set forth in the table below.

The total estimated cost of the Related Facilities (excluding the Power Plant/HHC Portion) of \$136,346,000 will be funded from other sources, including additional revenues from other lines of business, capital project reserves accumulated by HHC, philanthropy, and off balance sheet financing.

(in Thousands)	2010 A Bonds	2010 B Bonds	HHC Equity	Total
Replacement Facilities	\$113,909	\$422,417	\$126,994	\$663,320
Power Plant/HHC Portion	14,436	-	4,812	19,248
Demolition	7,873	-	2,160	10,033
Sitework	38,980	-	12,994	51,974
Data Center	-	6,960	3,040	10,000
TOTAL	\$175,198*	\$429,377*	\$150,000	\$754,575

* Includes estimated earnings on proceeds deposited in the respective Construction Account.

Construction Program

HHC has engaged Hellmuth Obata Kassebaum, Inc. ("HOK") as the executive architect for the Wishard Hospital Project, to manage the design team. HHC has engaged Jacobs Engineering Group Inc. as the program manager/construction manager for the Wishard Hospital Project. HHC will bid and award contracts for the Wishard Hospital Project in phases. Contracts for the Parking Garage, and a portion of the demolition, sitework and utilities work have been bid prior to the date hereof. HHC expects to bid the first of the contracts for the Replacement Facilities in April 2010, with the final contracts to be awarded in the spring of 2011.

APPLICATION OF PROCEEDS OF THE SERIES 2010 B BONDS

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

Estimated sources of funds:

Principal Amount of Series 2010 B Bonds	\$465,580,000
Plus Original Issue Premium	11,257,800
Total	<u>\$476,837,800</u>

Estimated uses of funds:

Deposit to Construction Account	\$426,691,892
Deposit to Bond Interest Account	16,398,043
Deposit to the Reserve Fund	29,453,208
Deposit to Bond Issuance Expense Account	843,890
Underwriters' Discount	3,450,767
Total	<u>\$476,837,800</u>

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS

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

The Series 2010 B Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the Bond Bank, the City, the County, the Qualified Entity or HHC, under the constitution of the State, or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof, including the Bond Bank, the City, the County, the Qualified Entity or HHC. The Bond Bank has no taxing power.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Qualified Obligations and all principal and interest payments, made or required to be made on the Qualified Obligations (the "Qualified Obligation Payments"), as described herein. In addition, the Indenture pledges to the payment of the Bonds all proceeds of the Trust Estate, including without limitation, the earnings on and all proceeds of the Qualified

Obligations, including all Qualified Obligation Payments, the Funds and the Accounts and all moneys and investments therein, but not the Rebate Fund, and the Revenues; notwithstanding the foregoing, until all Building Authority Affidavits of Completion are filed with respect to the projects financed with the proceeds of a particular Series of Bonds, the Trust Estate with respect to such Series of Bonds shall consist of only (i) the proceeds of such Series of Bonds which are deposited into the accounts of the Funds established at the time such Series of Bonds are issued (other than the Rebate Fund), and (ii) any other funds specifically pledged to such Series of Bonds in the Supplemental Indenture executed and delivered at the time such Series of Bonds are issued. 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 2010 B 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.

Under the Indenture, the Bond Bank shall create the Reserve Fund, which will be held as security for the Bonds and is required to be maintained in an amount equal to the Reserve Requirement (as hereinafter defined). At the time of issuance of the Series 2010 B Bonds, the Reserve Fund will be funded with proceeds of the Series 2010 B Bonds in an amount equal to the Reserve Requirement. The Reserve Requirement means an amount equal to the maximum annual principal and interest requirements on all Outstanding (as hereinafter defined) Bonds for the then current or any future Bond Year (as hereinafter defined), reduced by the Subsidy Payments (as hereinafter defined) anticipated to be received, but only if each Series of Bonds to which such Subsidy Payments relate continue to be "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code; provided, however, that if upon the issuance of any Series of Bonds, such amount would require moneys credited to the Reserve Fund from the proceeds of such Series of Bonds in an amount in excess of the maximum amount permitted under the Code, the Reserve Requirement shall then be the Reserve Requirement immediately preceding the issuance of such Series of Bonds, plus the maximum amount permitted under the Code to be deposited from the proceeds of such Series of Bonds, as certified by an Authorized Officer (as defined herein). On the date of issuance of the Series 2010 B Bonds, the Reserve Requirement will be \$29,453,208.06. **ALTHOUGH THE RESERVE FUND WILL BE ESTABLISHED FOR THE BONDS, THE APPROVING RESOLUTION OF THE BOND BANK PROVIDES THAT SUCH RESERVE FUND WILL NOT CONSTITUTE A RESERVE FUND UNDER INDIANA CODE 5-1.4-5, AS AMENDED. CONSEQUENTLY, IN THE EVENT OF A DEFICIENCY IN THE RESERVE FUND, THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE BOND BANK WILL NOT SEEK AN APPROPRIATION FROM THE CITY-COUNTY COUNCIL PURSUANT TO INDIANA CODE 5-1.4-5, AS AMENDED, TO RESTORE THE RESERVE FUND TO AN AMOUNT EQUAL TO THE RESERVE REQUIREMENT. NOR HAS THE CITY-COUNTY COUNCIL APPROVED ANY INTENT TO APPROPRIATE ANY MONEY TO RESTORE THE RESERVE FUND TO AN AMOUNT EQUAL TO THE RESERVE REQUIREMENT.**

The Qualified Entity and the 2010 B Qualified Obligations

The 2010 B Qualified Obligations will secure and provide for the payment of the related Series of Series 2010 B Bonds. The Qualified Obligation Payments from the 2010 B Qualified Obligations have been structured to be sufficient to pay the principal of and interest on the related Series of Series 2010 B Bonds when due. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" regarding the verification of such sufficiency. The Qualified Obligation Payments from the 2010 B Qualified Obligations will be derived by the Qualified Entity from the QE Trust Estate, including Fixed Annual Rental Payments and Other Income, all proceeds of the Qualified Obligations and other cash and securities held in the funds and accounts created under the QE Indenture (except the Rebate Fund established under the QE Indenture) and the investment earnings thereon and all proceeds thereof, and all other properties and moneys hereafter pledged to the QE Trustee as security by the Qualified Entity to the extent of that pledge. The QE Indenture creates a continuing pledge of and lien upon the QE Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Qualified Obligations.

Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the City, the County, the Qualified Entity and HHC, are pledged to the payment of the principal of, premium, if any, and interest on any of the Qualified Obligations. The Qualified Obligations are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, the Qualified Entity or HHC. The Qualified Entity has no taxing power.

The Qualified Entity. The Indianapolis-Marion County Building Authority was created and exists as a municipal corporation pursuant to the provisions of the QE Statute. **The Qualified Entity has no taxing power and has only those powers and sources of revenue set forth in the QE Statute.** For more detailed information regarding the Qualified Entity see "QUALIFIED ENTITY" herein.

The 2010 B Qualified Obligations. The proceeds of the Series 2010 B Bonds will be used by the Bond Bank to purchase the 2010 B Qualified Obligations from the Qualified Entity. The 2010 B Qualified Obligations will be issued in a principal amount equal to the aggregate principal amount of the related Series of Series 2010 B Bonds, and will be dated as of their date of delivery. The 2010 B Qualified Obligations will mature in the same amount and on the same maturity dates as the related Series of Series 2010 B Bonds, and will bear interest payable on each January 15 and July 15 beginning January 15, 2011, and at the same interest rates per annum as the related Series 2010 B Bonds. Interest on the 2010 B Qualified Obligations will be paid to the Trustee under the Indenture. Principal of and premium, if any, on the 2010 B Qualified Obligations will be paid directly to the Trustee (for the account of the Bond Bank). The 2010 B Qualified Obligations are subject to redemption prior to maturity upon terms substantially identical to the terms of redemption of the related Series of Series 2010 B Bonds. See "THE SERIES 2010 B BONDS" herein.

The Lease

Pursuant to the Lease, HHC shall lease to the Qualified Entity, the existing Hasbrook Building and the site of the Replacement Facilities consisting of the Hospital Facility and the Ambulatory Clinic Facility. The Qualified Entity will make improvements to the Hasbrook Building and fund a substantial portion of the construction of the Hospital Facility and the Ambulatory Clinic Facility from the proceeds of the 2010 B Qualified Obligations. The Qualified Entity will lease the Hasbrook Building and the Hospital Facility and the Ambulatory Clinic Facility to HHC pursuant to the Lease. The Hasbrook Building, the Hospital Facility and the Ambulatory Clinic Facility comprise the "Leased Premises". The term of the Lease related to the Leased Premises will begin on the date of issuance of the 2010 B Qualified Obligations. The term of the Lease related to that portion of the Leased Premises to be financed with the proceeds of any series of Qualified Obligations will end no more than thirty years after the date of issuance of such series of Qualified Obligations. In particular, the term of the Lease related to the Hasbrook Building will end on December 31, 2014, which is approximately one year after the expected completion date of the Hospital Facility and the Ambulatory Clinic Facility (December, 2013), and the term of the Lease related to that portion of the Hospital Facility and the Ambulatory Clinic Facility to be financed with the proceeds of the 2010 B Qualified Obligations will end on December 31, 2039.

Under the QE Statute, Lease Rental Payments made by HHC to the Qualified Entity may not be made until the improvements to be constructed or installed on the Leased Premises are complete and ready for occupancy, unless a portion of the Leased Premises are to be reconstructed or renovated and the Qualified Entity will continue to operate that portion of the Leased Premises during such reconstruction or renovation. The Hasbrook Building will continue to be occupied and operated by HHC throughout the construction and installation of the Data Center, which is expected to be completed in December, 2011.

The Lease will contain a single lease rental payment schedule with Fixed Annual Rental Payments being paid in semiannual installments on June 30 and December 31 of each year, commencing on June 30, 2011, in amounts sufficient to pay debt service on the Qualified Obligations, when due. The Fixed Annual Rental Payments due under the lease rental payment schedule will be based on two components.

The first such component comprises the Hasbrook Building, which consists of: (1) interest due on all the Qualified Obligations during the period commencing on July 15, 2011, through January 15, 2015 (with the first Fixed Annual Rental Payment being on June 30, 2011, and the last Fixed Annual Rental Payment being on December 31, 2014); and (2) principal due on the Qualified Obligations in an amount equal to \$6,960,000 (which is the value of improvements to be made at the Hasbrook Building consisting of the Data Center) during the period commencing on January 15, 2013, and ending on January 15, 2015 (with the first of this portion of Fixed Annual Rental Payments to be made commencing on December 31, 2012, which is approximately one year after the expected completion of the renovations at the Hasbrook Building consisting of the Data Center (December, 2011), and ending on December 31, 2014).

The second such component comprises the Hospital Facility and the Ambulatory Clinic Facility, which consists of the principal and interest due on all the Qualified Obligations commencing on July 15, 2015, and ending on the December 31, preceding the final maturity of the Qualified Obligations (with the first Fixed Annual Rental Payment to be made on June 30, 2015, which is approximately one and one-half years after the expected completion of the construction of the Hospital Facility and the Ambulatory Clinic Facility (December, 2013), and ending at the end of the term of the Lease).

Thus, in the event there is excessive delay in the renovations at the Hasbrook Building consisting of the Data Center, such that the Data Center is not complete and ready for occupancy on or before December 31, 2012, HHC would be precluded from making all of the Fixed Annual Rental Payments to the Qualified Entity pursuant to the Lease, which are attributable to the principal due on the 2010 B Qualified Obligations, until such renovations are completed and the Data Center is ready for occupancy. In the event there is excessive delay in the construction of the Hospital Facility or the Ambulatory Clinic Facility, such that the Hospital Facility or the Ambulatory Clinic Facility is not complete and ready for occupancy on or before June 30, 2015, HHC would be precluded from making all of the Fixed Annual Rental Payments to the Qualified Entity pursuant to the Lease, until such construction is completed and the Hospital Facility and Ambulatory Clinic Facility are ready for occupancy. In the event that any such renovations or construction is partially completed, such that a portion of the Data Center, the Hospital Facility or the Ambulatory Clinic Facility is complete and ready for occupancy on or after the dates described above, HHC may make a portion of the Fixed Annual Rental Payments described above to the Qualified Entity pursuant to the Lease based on the value of the portion of the Data Center, Hospital Facility or Ambulatory Clinic Facility then completed and ready for occupancy. If any of the foregoing events occurs with respect to the Data Center, sufficient funds may not be available to meet the principal and interest payment due on the Series 2010 B Bonds on January 15, 2013, and subsequent principal and interest payments. If any of the foregoing events occurs with respect to the Hospital Facility or the Ambulatory Clinic Facility, sufficient funds may not be available to meet the principal and interest payment due on the Series 2010 B Bonds on July 15, 2015, and subsequent principal and interest payments.

Notwithstanding the foregoing, in the event of any reduction in the payment by HHC to the Qualified Entity of the Fixed Annual Rental Payments pursuant to the Lease, due to an excessive delay in renovations or construction or for any other reason, which would otherwise result in the unavailability of funds sufficient to meet the principal and interest payments due on the Series 2010 B Bonds, moneys then on deposit in the Reserve Fund could be used to make up any such shortfall.

Pursuant to the Real Estate Exchange Agreement, IU has conveyed to HHC the parcel on which the Hospital Facility is to be constructed (the "Hospital Facility Parcel") and is required to convey to HHC on November 4, 2012, the parcel on which the Ambulatory Clinic Facility is to be constructed (the "Ambulatory Clinic Facility Parcel"). HHC and IU have entered into the Access License and Demolition/Construction Agreement, effective as of February 1, 2010 (the "Access Agreement"), pursuant to which IU has granted a license to HHC to engage in demolition and construction activities on the Ambulatory Clinic Facility Parcel in order to construct the Ambulatory Clinic Facility. In the Access Agreement, IU acknowledges and agrees: (1) that it is not permitted to convey, transfer and lease the Ambulatory Clinic Facility Parcel in any way to any other person or entity, whether by contract, operation of law or otherwise prior to the termination of the Access Agreement, the termination of which shall occur upon the transfer of title to the Ambulatory Clinic Facility Parcel from IU to HHC; and (2) that HHC may assign its rights under the Access Agreement to the Qualified Entity in connection with the Lease.

On the date of issuance of the Series 2010 B Bonds, the Hospital Facility Parcel will be subject to the Lease, and, in accordance with the terms of the Lease and the Access Agreement, HHC will grant to the Qualified Entity HHC's access rights to the Ambulatory Clinic Facility Parcel under the Access Agreement in order to construct the Ambulatory Clinic Facility. Upon the conveyance of the Ambulatory Clinic Facility Parcel by IU to HHC pursuant to the Real Estate Exchange Agreement, the Lease requires that the Ambulatory Clinic Facility Parcel become subject to the Lease.

Property and Casualty Insurance. The Lease and the QE Indenture provide that HHC must obtain property and casualty insurance from a provider which is rated at least "A" by AM Best and Company or HHC could be the provider under a self insurance program of the type utilized by other governmentally owned hospitals in the State. The amount of such insurance must be equal to the greater of: (1) the option to purchase price, which is equal to the

cost of defeasing all the then outstanding Qualified Obligations and all related costs in connection with such defeasance of Hospital Facility and the Ambulatory Clinic Facility; or

(2) 100% of the full replacement cost of the Leased Premises, as certified annually by a registered architect, registered engineer, professional appraisal engineer or insurance consultant selected by the Qualified Entity.

Rental Interruption Insurance. The Lease and the QE Indenture require the Qualified Entity or HHC to obtain rental value insurance in an amount at least equal to the full rental value of the Leased Premises for a period of the ensuing two and one-half years.

Obligation of HHC to Levy Property Taxes. The Lease Rental Payments from HHC under the Lease are payable from an unlimited ad valorem property tax required by law to be levied by or on behalf of HHC, to the extent other revenues of HHC are insufficient for such purpose. See "PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION; AND CIRCUIT BREAKER LEGISLATION" and "THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA." The Qualified Entity may cause other legally available revenues to be used to pay the Lease Rental Payments under the Lease, and may take the availability of such other revenues into account in determining the amount of ad valorem property tax, if any, required to be levied and collected for that purpose as described below.

The Bond Bank acquired the 2010 A General Obligations Bonds with the proceeds of its Series 2010 A Bonds, which the Bond Bank issued pursuant to the Trust Indenture, dated as of February 1, 2010 (the "Bond Bank HHC Bond Indenture"). The Bond Bank HHC Bond Indenture established a debt service reserve fund (the "Bond Bank HHC Bond Reserve Fund") securing the Series 2010 A Bonds and any additional bonds issued on a parity with the Series 2010 A Bonds (collectively, the "Bond Bank HHC Bonds"). The balance to be maintained in the Bond Bank HHC Bond Reserve Fund (the "Bond Bank HHC Bond Reserve Requirement") is an amount equal to the maximum annual principal and interest requirements on all outstanding Bond Bank HHC Bonds for the then current or any future Bond Year, reduced by the subsidy payments anticipated to be received with respect to any interest payments under any Bond Bank HHC Bonds, but only if each series of such Bonds to which such subsidy payments relate continue to be "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code; provided, however, that if upon the issuance of any series of such Bonds, such amount would require moneys credited to the Bond Bank HHC Bond Reserve Fund from the proceeds of such series of Bonds in an amount in excess of the maximum amount permitted under the Code, the Bond Bank HHC Bond Reserve Requirement will then be the Bond Bank HHC Bond Reserve Requirement immediately preceding the issuance of such series of Bonds, plus the maximum amount permitted under the Code to be deposited from the proceeds of such series of Bonds, as certified by an Authorized Officer.

If, on the first business day in June of each year, the amount on deposit in the Reserve Fund is less than the Debt Service Reserve Requirement or the amount on deposit in the Bond Bank HHC Bond Reserve Fund is less than the Bond Bank HHC Bond Reserve Requirement (the aggregate of any such shortfalls therein on such date is hereinafter referred to as a "Deficit"), then, on such first business day in June or when HHC prepares its budget for the immediately following year, if later, but in no event later than 10 days prior to the last day provided by statute to publish such proposed budget, HHC will estimate the amount of revenues expected to be collected during the remainder of that year and in the subsequent year and that would be available to pay the Lease Rental Payments under the Lease and the principal of and interest on the 2010 A General Obligation Bonds and any additional general obligation bonds issued by HHC on a parity with the 2010 A General Obligation Bonds pursuant to the General Obligation Bond Resolution (collectively, the "General Obligation Bonds") when due during such period. To the extent that such revenues are not expected to be available on the dates on which Lease Rental Payments under the Lease and the principal of and interest on the General Obligation Bonds are due during such period in amounts sufficient to make such payments on the dates such payments are due, HHC will levy ad valorem property taxes in an amount sufficient, together with the other revenues expected to be available on the dates on which such payments are due during such period, to produce the necessary funds with which to make such payments on their due dates. In addition, HHC will levy ad valorem property taxes in an amount equal to the Deficit for collection in the immediately following year.

Notwithstanding the provisions described in the preceding paragraph, HHC will not levy ad valorem property taxes in an amount in excess of the aggregate of the Lease Rental Payments under the Lease due in the

immediately following year and the principal of and interest on the General Obligation Bonds due on July 15 in the immediately following year and on January 15 in the year thereafter. In the event HHC is required to levy ad valorem property taxes pursuant to the provisions described in the preceding paragraph, HHC will levy such ad valorem property taxes as debt service levies to be used to pay the Lease Rental Payments under the Lease and the principal of and interest on the General Obligation Bonds. To the extent that any such levy is allocable to the payment of debt service on the General Obligation Bonds in the manner to be determined necessary and appropriate by the Treasurer of HHC, that portion of the ad valorem property taxes collected will be deposited in the Principal and Interest Account established pursuant to the General Obligation Resolution and the remainder will be used to pay the Lease Rental Payments under the Lease.

Security for the 2010 B Qualified Obligations

The ability of the Bond Bank to pay principal of and interest on the Bonds depends upon the receipt by the Bond Bank of the Qualified Obligation Payments from the Qualified Entity. The ability of the Qualified Entity to make its Qualified Obligation Payments depends upon the timely collection of the Fixed Annual Rental Payments from HHC pursuant to the Lease, which payments commence on June 30, 2011. Interest on the 2010 B Qualified Obligations has been capitalized through January 15, 2011. The Lease provides a single lease rental payment schedule which requires Fixed Annual Rental Payments in an amount sufficient to pay debt service on the 2010 B Qualified Obligations, subject to the Leased Premises being available for use. As described therein, the Fixed Annual Rental Payments on the portion of the Leased Premises consisting of the Hasbrook Building, as described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS – The Lease," are payable on June 30 and December 31 of each year during the period from June 30, 2011, through December 31, 2014. As described therein, the Fixed Annual Rental Payments on the portion of the Leased Premises consisting of the Hospital Facility and the Ambulatory Clinic Facility, as described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS – The Lease," are payable on June 30 and December 31 of each year, during the period from June 30, 2015 through December 31 preceding the final maturity of the Qualified Obligations.

The Lease provides that so long as the Leased Premises are available for use, HHC will be obligated to pay the Fixed Annual Rental Payments in semiannual installments in advance. Lease Rental Payments must be abated if the Leased Premises cease to remain available for use. Such abatement continues until the Leased Premises are again available for use. As described above, property and casualty insurance and rental interruption insurance is required to be maintained with respect to the Leased Premises.

In addition, additional lease rental payments will be payable annually, in an amount sufficient to cover any administrative expenses of the Qualified Entity allocable to the Lease (collectively, "Additional Rental Payments"). For the purpose of determining the Additional Rental Payments, HHC covenants and agrees in the Lease to levy annually a tax sufficient to produce the necessary funds with which to pay the Fixed Annual Rental Payments and Additional Rental Payments to the extent other revenues of HHC are insufficient for such purpose.

See APPENDIX C "SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS - The Lease and the Series 2010 B Qualified Entity Purchase Agreement" and "- The QE Indenture."

Additional Bonds and Additional Qualified Obligations

Additional Bonds may be issued on a parity with the Series 2010 B Bonds pursuant to the Indenture only for the purpose of (a) refunding Bonds (in whole or in part) issued by the Bond Bank pursuant to the Indenture, (b) purchasing additional qualified obligations of the Qualified Entity ("Additional Qualified Obligations") to provide for the refunding (in whole or in part) of the 2010 B Qualified Obligations or other Additional Qualified Obligations or (c) purchasing Additional Qualified Obligations, the proceeds of which will be used to fund capital expenditures of the Qualified Entity. Additional Qualified Obligations of the Qualified Entity may be issued on a parity with the 2010 B Qualified Obligations pursuant to the QE Indenture only for the purpose of (a) refunding Qualified Obligations (in whole or in part) issued by the Qualified Entity pursuant to the QE Indenture, or (b) funding costs, or additional improvements, to the Leased Premises, subject to the limitations in the QE Indenture. Any Additional Qualified Obligations shall be limited to the amounts which can be repaid, along with any outstanding Qualified Obligations, from the Fixed Annual Rental Payments paid by HHC pursuant to the Lease.

Enforcement of the 2010 B Qualified Obligations

As owner of the 2010 B Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entity. The Act provides that upon the sale and the delivery of any qualified obligation to the Bond Bank, a qualified entity will be deemed to have agreed that all statutory defenses to nonpayment are waived in the event that such qualified entity fails to pay principal of or interest on such qualified obligation when due.

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

Further, the Qualified Entity and HHC have agreed under the Series 2010 B Qualified Entity Purchase Agreement for the 2010 B Qualified Obligations to report to the Bond Bank on their compliance with certain covenants which the Qualified Entity and HHC have made regarding various actions and conditions necessary to preserve the tax-exempt status of interest paid on the 2010 B-1 Qualified Obligations and the status of the Series 2010 B-2 Bonds as Qualified Build America Bonds (as hereinafter defined). See "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entity and HHC, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity and HHC to preserve the excludability of the interest on the Series 2010 B-1 Bonds from the gross income of the holders of the Series 2010 B-1 Bonds and the status of the Series 2010 B-2 Bonds as Qualified Build America Bonds.

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

THE SERIES 2010 B BONDS

General

The Series 2010 B Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. When issued, all Series 2010 B Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2010 B 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 2010 B Bonds, payments of the principal of and interest on the Series 2010 B Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee to DTC, and the ultimate disbursement of such payments to the Beneficial Owners (as hereinafter defined), of the Series 2010 B Bonds will be the responsibility of the Direct Participants and the Indirect Participants, (both, as hereinafter defined). See "THE SERIES 2010 B BONDS – Book-Entry-Only System."

The Series 2010 B Bonds will be dated as of their date of delivery thereof. Interest on the Series 2010 B Bonds will be payable on January 15 and July 15 of each year, commencing January 15, 2011 (each an "Interest Payment Date"). The Series 2010 B Bonds will bear interest (calculated on the basis of twelve 30-day months and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2010 B Bonds will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless (a) it is authenticated after the first day of the calendar month of an Interest Payment Date (each a "Record Date"), and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Series 2010 B Closing Date

(as hereinafter defined); provided, however, that if, at the time of authentication of any Series 2010 B Bonds, interest is in default, such Series 2010 B Bonds will bear interest from the date to which interest has been paid.

If DTC or its nominee is not the registered owner of the Series 2010 B Bonds, principal of and premium, if any, on all of the Series 2010 B Bonds will be payable at maturity upon the surrender thereof at the designated corporate trust operations office of the Paying Agent. Interest on the Series 2010 B-1 Bonds or Series 2010 B-2 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 2010 B-1 Bonds or Series 2010 B-2 Bonds, respectively, 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 ten 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 2010 B Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date (the "Registration Books"), irrespective of any transfer or exchange of such Series 2010 B Bonds subsequent to such Record Date and on or 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 in "Book-Entry-Only System" under this caption, in all cases in which the privilege of exchanging or transferring Series 2010 B Bonds is exercised, the Bond Bank will execute and the Registrar will deliver Series 2010 B Bonds in accordance with the provisions of the Indenture. The Series 2010 B Bonds will be exchanged or transferred at the principal corporate trust office of the Registrar only for Series 2010 B Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2010 B Bonds, the Bond Bank or the Trustee may impose a charge for any applicable tax, fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a Series 2010 B Bond is registered will be deemed and regarded as its absolute owner for all purposes, except as otherwise provided in the Disclosure Agreement (as hereinafter defined), 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 2010 B Bonds to the extent of the sum or sums so paid.

Series 2010 B-2 Bonds as Direct Payment "Build America Bonds"

Pursuant to the Recovery Act, the Bond Bank intends, upon the issuance of the Series 2010 B-2 Bonds, to make an irrevocable election to treat the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the Series 2010 B-2 Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the Series 2010 B-2 Bonds on such date, under Section 6431 of the Code (any such credit, a "Subsidy Payment"). Holders of the Series 2010 B-2 Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the Series 2010 B-2 Bonds. See "TAX MATTERS—Series 2010 B-2 Bonds."

If and to the extent the Bond Bank, on or before any date on which any interest is due on the Series 2010 B-2 Bonds, receives any Subsidy Payment with respect to such interest, the Qualified Entity will receive a credit, in the amount of such Subsidy Payment, toward the interest due on the 2010 B Qualified Obligations on such date.

Redemption Provisions of the Series 2010 B-1 Bonds

Optional Redemption of the Series 2010 B-1 Bonds

The Series 2010 B-1 Bonds maturing on and after January 15, 2021 are subject to redemption prior to maturity, at the option and the written direction of the Bond Bank, but only if directed in writing by the Qualified Entity or HHC, in whole or in part on any date commencing January 15, 2020 at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

Extraordinary Mandatory Redemption of the Series 2010 B-1 Bonds

The Series 2010 B-1 Bonds are subject to extraordinary mandatory redemption prior to maturity, at the option and written direction of the Bond Bank, but only if directed in writing by the Qualified Entity or HHC, in whole or in part on any date, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, from proceeds of casualty insurance or condemnation in certain circumstances as described in the QE Indenture.

Redemption Provisions of the Series 2010 B-2 Bond

Make-Whole Optional Redemption of the Series 2010 B-2 Bonds

The Series 2010 B-2 Bonds are subject to redemption prior to maturity by written direction of the Bond Bank, but only if directed in writing by the Qualified Entity or HHC, in whole or in part, on any business day, at the "Make-Whole Redemption Price" (as hereinafter defined). The "Make-Whole Redemption Price" means an amount equal to the greater of (i) 100% of the principal amount of the Series 2010 B-2 Bonds to be redeemed, or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 B-2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010 B-2 Bonds are to be redeemed, discounted to the date on which such Series 2010 B-2 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as hereinafter defined) plus 25 basis points (.25%), plus, in each case, accrued and unpaid interest on the Series 2010 B-2 Bonds to be redeemed to the redemption date. The "Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two business days prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010 B-2 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price of the Series 2010 B-2 Bonds to be redeemed pursuant to the optional redemption provision described in this paragraph will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Bond Bank, at the expense of the Qualified Entity, to calculate such redemption price. The determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor shall be conclusive and binding on the Trustee, the Bond Bank and the registered owners of the Series 2010 B-2 Bonds.

Extraordinary Optional Redemption of Series 2010 B-2 Bonds

The Series 2010 B-2 Bonds are subject to redemption prior to maturity at the option of the Bond Bank, but only if directed in writing by the Qualified Entity or HHC, at any time, in whole or in part, upon the occurrence of an Extraordinary Event (as hereinafter defined), at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2010 B-2 Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 B-2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 B-2 Bonds are to be redeemed, discounted to the date on which the Series 2010 B-2 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points (1.00%); plus, in each case, accrued interest on the Series 2010 B-2 Bonds to be redeemed to the redemption date.

An "Extraordinary Event" means the modification, amendment or interpretation of Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act), in a manner pursuant to which any Subsidy Payments from the United States Treasury are reduced or eliminated. The redemption price of the Series 2010 B-2 Bonds to be redeemed pursuant to the extraordinary optional redemption provision described above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Bond Bank, at the expense of the Qualified Entity, to calculate such redemption price. The determination of such

redemption price by such independent accounting firm, investment banking firm or financial advisor shall be conclusive and binding on the Trustee, the Bond Bank and the registered owners of the Series 2010 B-2 Bonds.

Mandatory Sinking Fund Redemption of the Series 2010 B-2 Bonds

The Series 2010 B-2 Bonds maturing on January 15, 2030 and January 15, 2040 (collectively, the "Series 2010 B-2 Term Bonds") are subject to mandatory sinking fund redemption, as described below, on January 15 in the years specified below. The redemption price will be 100% of the principal amount of such 2010 B-2 Term Bonds to be redeemed plus accrued interest to the redemption date.

Series 2010 B-2 Term Bond Maturing January 15, 2030

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$15,270,000	2028	\$17,780,000
2025	15,860,000	2029	18,470,000
2026	16,480,000	2030*	8,350,000
2027	17,120,000		

***Final maturity**

Series 2010 B-2 Term Bond Maturing January 15, 2040

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2030	\$10,840,000	2036	\$24,235,000
2031	19,945,000	2037	25,195,000
2032	20,735,000	2038	26,200,000
2033	21,560,000	2039	27,240,000
2034	22,415,000	2040*	28,325,000
2035	23,310,000		

***Final maturity**

The Trustee shall credit against the mandatory sinking fund requirement for any Series 2010 B-2 Term Bonds, in the order determined by the Bond Bank, any such Series 2010 B-2 Term Bonds of the same maturity which have previously been redeemed (otherwise than as a result of a previous mandatory sinking fund redemption requirement) or delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2010 B-2 Term Bond so delivered or cancelled shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund redemption date, and any excess of such amount shall be credited on future mandatory sinking fund redemption obligations, and the principal amount of the Series 2010 B-2 Term Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Trustee shall only credit such Series 2010 B-2 Term Bonds to the extent received on or before 45 days preceding the applicable mandatory sinking fund redemption date stated above.

Extraordinary Mandatory Redemption of the Series 2010 B-2 Bonds

The Series 2010 B-2 Bonds are subject to extraordinary mandatory redemption prior to maturity, at the option and written direction of the Bond Bank, but only if directed in writing by the Qualified Entity or HHC, in whole or in part on any date, at a redemption price equal to the Make-Whole Redemption Price, plus accrued interest to the redemption date, from proceeds of casualty insurance or condemnation in certain circumstances as described in the QE Indenture.

Selection of Series 2010 B Bonds to be Redeemed

If fewer than all of the Series 2010 B Bonds shall be called for redemption, the principal amount and maturity of the particular Series 2010 B Bonds to be redeemed shall be selected by the Bond Bank, provided that the

Series 2010 B Bonds shall be redeemed only in an authorized denomination of \$5,000 or any integral multiple thereof. If any of the Series 2010 B Bonds are simultaneously subject to both optional and mandatory redemption, the Trustee shall first select by lot the Series 2010 B Bonds to be redeemed under the mandatory redemption provisions.

In the event DTC is not the sole registered owner of the Series 2010 B-1 Bonds and fewer than all of the Series 2010 B-1 Bonds of a particular maturity shall be called for redemption, the portion of such maturity shall be selected by lot by the Trustee and, for this purpose, each \$5,000 of principal amount represented by any Series 2010 B-1 Bond shall be considered a separate Series 2010 B-1 Bond for purposes of selecting the Series 2010 B-1 Bonds to be redeemed.

In the event DTC is not the sole registered owner of the Series 2010 B-2 Bonds, any redemption of less than all of the Series 2010 B-2 Bonds of a particular maturity shall be allocated among the registered owners of the Series 2010 B-2 Bonds of such maturity as nearly as practicable in proportion to the principal amounts of the Series 2010 B-2 Bonds of such maturity owned by each registered owner, subject to the authorized denominations of \$5,000 or any integral multiple thereof. Such proportional amount will be calculated for a particular maturity based on the formula: (principal of such maturity to be redeemed) x (principal amount of such maturity owned by the registered owner) / (principal amount of such maturity outstanding).

In the event DTC is the sole registered owner of the Series 2010 B-1 Bonds or the Series 2010 B-2 Bonds, partial redemptions of a particular maturity of such Series of Bonds will be done in accordance with the procedures of DTC. The Bond Bank has directed the Trustee to request that the redemption allocations of the Series 2010 B-2 Bonds of a particular maturity made by DTC, its participants or such other intermediaries that may exist between the Bond Bank and the Beneficial Owners be made in accordance with the proportional provisions described in the preceding paragraph. However, the Trustee can provide no assurance that DTC, its participants or any other intermediaries will allocate redemptions of the Series 2010 B-2 Bonds of a particular maturity among the Beneficial Owners on such a proportional basis.

Notice of Redemption

In the case of redemption of the Series 2010 B Bonds, notice of the call for any such redemption identifying the Series 2010 B Bonds, or portions of the Series 2010 B Bonds to be redeemed shall be given by the Trustee 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 2010 B Bond to be redeemed at the address shown on the Registration Books. Failure to give such notice by mailing to any bondholder, or any defect in the notice, shall not affect the validity of any proceeding for the redemption of any other Series 2010 B Bonds. On and after the redemption date specified in the aforementioned notices, such Series 2010 B 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 2010 B Bonds.

Book-Entry-Only System

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

DTC will act as securities depository for the Series 2010 B Bonds. The Series 2010 B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 B-1 Bond certificate and one Series 2010 B-2 Bond certificate will be issued for each maturity of the Series 2010 B-1 Bonds and the Series 2010 B-2 Bonds, respectively, and will be deposited with DTC.

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

Purchases of Series 2010 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010 B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2010 B Bonds, except in the event that use of the book-entry system for the Series 2010 B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010 B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2010 B-1 Bonds or the Series 2010 B-2 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual

procedures, DTC mails an Omnibus Proxy to the Bond Bank, as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 B Bonds are credited on the Record Date (identified in a listing attached to the "Omnibus Proxy").

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

DTC may discontinue providing its services as depository with respect to the Series 2010 B Bonds at any time by giving reasonable notice to the Bond Bank or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 B Bond certificates are required to be printed and delivered.

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

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Once the Bond Bank has requested that holders withdraw securities from DTC, DTC will notify its Participants of such request and such Participants may utilize DTC's withdrawal process to withdraw their Series 2010 B Bonds from DTC. In the event a Participant utilizes DTC's withdrawal process, Series 2010 B Bond certificates will be printed and delivered.

Neither the Bond Bank, the Underwriters, nor the Qualified Entity will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the Registration Books, of any notice with respect to any Bond including, without limitation, any notice of redemption, with respect to any Bond, (iii) the payment of any DTC Participant or Indirect Participant or any other person, other than an owner, as shown in the Registration Books, of any amount with respect to the principal of, premium, if any, or interest on any Bond or (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2010 B Bonds.

Prior to any discontinuation of the book-entry only system described above, the Bond Bank and the Paying Agent may, except as otherwise provided in the Disclosure Agreement, treat DTC as, and deem DTC to be, the absolute owner of the Series 2010 B Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Series 2010 B Bonds, (ii) giving notices of redemption and other matters with respect to the Series 2010 B Bonds, (iii) registering transfers with respect to the Series 2010 B Bonds and (iv) the selection of Series 2010 B Bonds for redemption.

In the event that the book-entry system for the Series 2010 B Bonds is discontinued, the Paying Agent will provide for the registration of the Series 2010 B Bonds in the names 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 2010 B Bond is registered as the absolute owner of such Series 2010 B 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 2010 B Bonds or the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2010 B Bonds, then the Bond Bank and the Trustee, Paying Agent and 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 2010 B Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2010 B Bonds and to transfer the ownership of each of the Series 2010 B Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2010 B 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 2010 B Bonds will be paid by the Bond Bank.

PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION; AND CIRCUIT BREAKER LEGISLATION

The Lease Rental Payments from HHC under the Lease are payable from an unlimited ad valorem property tax required by law to be levied by or on behalf of HHC to the extent other revenues of HHC are insufficient for such purpose. With one minor exception, real and personal property in the State is assessed each year as of March 1. Mobile homes assessed as personal property are assessed on the following January 15. On or before August 1 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 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 County Assessor 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. The budget, tax rates and levy must be adopted no later than November 1 for the County; no later than November 1 for all cities and towns; and no later than November 1 for most other units. The budget, tax levy and tax rate are subject to review and revision by the Indiana Department of Local Government Finance (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 HHC is not sufficient to make its debt service or lease rental payments. The DLGF must complete its actions on or before February 15; however, taxing units have until December 31 of the calendar year immediately preceding the ensuing calendar year to file a shortfall appeal.

On or before March 15, 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 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 11 and November 11 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. Real property becomes subject to tax sale on July 1 if a delinquency then exists with respect to an installment due on or before May 10 of the prior year. 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 Indiana Administrative Code 2.3, the 2002 Real Property Assessment Manual ("Manual"), as incorporated into 50 Indiana Administrative Code 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 and exemptions for homesteads, 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 zones 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 required by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. The reassessment is scheduled to be effective as of the March 1, 2012 assessment date and affects taxes payable beginning in 2013, and reassessments are scheduled to occur every five years thereafter. Beginning with the 2006 tax year payable 2007, all real property assessments have been 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 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. The implementation of Trending caused delays in the collection of property taxes in 2008 and 2009. In addition, due to technical concerns relating to Trending, the Governor ordered a reassessment of property value in the County for 2006 taxes payable in 2007 (the "Special Reassessment"). This Special Reassessment delayed collection of a portion of the taxes payable in 2007 and 2008. The Special Reassessment has now been completed. The effects of Trending and the Special Reassessment have resulted in a slight delay in the collection of the 2009 Taxes, with such 2009 Taxes to be collected from taxpayers on February 10, 2010.

A state homestead credit was applied to the property tax liability of an owner of a primary residence in the State through 2008. The amount of the state homestead credit is equal to approximately 20% of the taxpayers' property tax liability for the general fund levies imposed by all the taxing units in the taxing district (less the state property tax replacement credit). In 2008, an additional \$620,000,000 supplemental homestead credit reduced property tax bills by a statewide average of approximately 31% from pre-rebate 2007 property tax bills. Beginning in 2009, supplemental homestead credits were limited to approximately \$140,000,000, and in 2010, the supplemental homestead credits will be limited to approximately \$80,000,000 for distribution to counties. State homestead credits will not be available for distribution after 2010.

Beginning in 2009, the standard deduction for homesteads increased from the lesser of \$45,000 or 50% of assessed value to the lesser of \$45,000 or 60% of assessed value. Additionally, a supplemental homestead deduction equal to 35% of the next \$600,000 of assessed value remaining after the standard deduction and 25% of the remaining assessed value over \$600,000 will be implemented beginning in 2009.

Circuit Breaker Tax Credit

In 2007, the Indiana General Assembly enacted legislation (Indiana Code 6-1.1-20.6), which provides taxpayers with a tax credit for all property taxes in an amount that exceeds certain percentages of the gross assessed value of real and personal property eligible for the credit (the "Circuit Breaker Tax Credit"). **The projects for which the 2010 B Qualified Obligations are being issued were approved by a referendum pursuant to Indiana Code 6-1.1-20-3.6 and, therefore, the ad valorem property tax levied to pay the Lease Rental Payments by HHC under the Lease is not subject to the Circuit Breaker Tax Credits and is unlimited as to rate and amount.** Such limits are applicable to other ad valorem property taxes levied by HHC. See the caption "Circuit Breaker Tax Credit" in Appendix A for additional information.

THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA

General

HHC is a distinct municipal corporation of the State established and existing pursuant to the HHC Statute. The boundaries of HHC include all property and territory in the County, including the City.

HHC is under the control of its Board of Trustees, which exercises executive and legislative powers of HHC. The Board of Trustees has the power to do, among other things, the following: sue and be sued in any court having competent jurisdiction, contract and be contracted with, and acquire real, personal, and mixed property by deed, purchase, gift, grant, devise, lease, condemnation, or otherwise, and dispose of same, and make and adopt appropriate ordinances, regulations, orders, rules, and resolutions and do all things reasonable or necessary to carry out the work and to perform the duties of HHC under the HHC Statute.

The Board of Trustees consists of seven members, three of whom are appointed by the Mayor of the City, two by the Board of Commissioners of the County, and two by the City-County Council, to serve staggered terms of four years each (with the exception of one of the members appointed by the City-County Council who is appointed for a two (2) year term). The Board of Trustees is bipartisan pursuant to the HHC Statute. The Board levies its own taxes, adopts its own ordinances having the effect of local law governing health matters, and issues its own general obligation bonds. HHC's budget and tax levy are subject to review by the City-County Council. Further, the approval of the City-County Council is required for the issuance of bonds by HHC. The present members of the Board of Trustees are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
James D. Miner, M.D.	Chairperson	June 30, 2013	Physician
Lula M. Journey	Vice Chairperson	September 15, 2012	Retired
David W. Crabb, M.D.	Member	December 31, 2011	Physician
Gregory S. Fehribach	Member	June 30, 2011	Attorney
Joyce D. Irwin	Member	June 30, 2012	Director of Government Affairs, Roche Diagnostics
Marjorie H. O'Laughlin	Member	June 30, 2010	Retired
Robert B. Pfeifer	Member	December 31, 2013	Accountant

Property Tax Information

Table I sets forth the assessed value and actual value of the taxable real and personal property for the County, which is coterminous with HHC, for each of the years from 1999 to 2009.

TABLE I
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(in thousands)

Year	Real Property		Personal Property		Total	
	Assessed Value (1)(2)	True Tax Value	Assessed Value (1)(2)	True Tax Value	Assessed Value (1)(2)	True Tax Value
2009	\$ 33,099,166	\$ 33,099,166	\$ 5,158,800	\$ 5,158,800	\$ 38,257,966	\$ 38,257,966
2008	40,052,128	40,052,128	4,949,386	4,949,386	45,001,514	45,001,514
2007	39,182,917	39,182,917	5,565,478	5,565,478	44,748,395	44,748,395
2006	33,030,628	33,030,628	7,195,876	7,195,876	40,226,504	40,226,504
2005	32,400,972	32,400,972	7,229,661	7,229,661	39,630,633	39,630,633
2004	34,606,376	34,606,376	5,323,754	5,323,754	39,930,130	39,930,130
2003	32,982,779	32,982,779	8,845,067	8,845,067	41,827,846	41,827,846
2002	20,820,046	20,820,046	8,162,071	8,162,071	28,982,117	28,982,117
2001	6,839,831	20,519,489	2,653,315	7,959,945	9,493,146	28,479,434
2000	6,636,936	19,910,808	2,574,548	7,723,645	9,211,484	27,634,453
1999	6,553,357	19,660,071	2,550,800	7,652,401	9,104,157	27,312,472

(1) Taxable property was assessed at 33-1/3% of the true tax value for the years 1999 through 2001. It is assessed at 100% beginning in 2002.

(2) Represents the most recent Marion County Auditor's certified abstract.

Source: Marion County Auditor's Office.

Table II sets forth the direct property tax rates for HHC and the overlapping units of government for each of the years from 1999 to 2009. The Table uses the Center Township rate which is the only rate that includes all major services.

TABLE II
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾

HHC

Year	Operations	Debt	Cumulative Building	HHC Total
2009	0.1457	0.0097	0.0006	0.1560
2008	0.2023	0.0085	0.0006	0.2114
2007	0.1928	0.0088	0.0006	0.2022
2006	0.2138	0.0098	0.0006	0.2242
2005	0.2137	0.0106	0.0006	0.2249
2004	0.2139	0.0108	0.0006	0.2253
2003	0.2134	0.0113	0.0006	0.2253
2002	0.2492	0.0133	0.0008	0.2633
2001	0.7441	0.0458	0.0020	0.7919
2000	0.7669	0.0230	0.0020	0.7919
1999	0.7653	0.0246	0.0020	0.7919

All Units

Year	HHC Total	City	County	Other Municipal Corporations	School	State	Other	Total (1)
2009	0.1560	0.8384	0.3513	0.1694	1.1569	-	0.0828	2.7548
2008	0.2114	0.8765	0.4847	0.1407	1.7668	0.0024	0.0665	3.5490
2007	0.2022	0.8634	0.5607	0.1398	1.8713	0.0024	0.0768	3.7166
2006	0.2242	0.8881	0.4131	0.1409	1.7172	0.0024	0.0644	3.4503
2005	0.2249	0.9532	0.4163	0.1401	1.6744	0.0024	0.0637	3.4750
2004	0.2253	0.9485	0.4129	0.1189	1.7827	0.0024	0.0607	3.5514
2003	0.2253	0.9603	0.4443	0.1302	1.5503	0.0033	0.1403	3.4540
2002	0.2633	1.2254	0.5354	0.1676	1.9594	0.0033	0.0799	4.2343
2001	0.7919	3.7670	1.4043	0.4578	5.9811	0.0100	0.2599	12.6720
2000	0.7919	3.7825	1.4038	0.4572	5.9552	0.0100	0.2756	12.6762
1999	0.7919	3.7948	1.4042	0.4567	5.8477	0.0100	0.3281	12.6334

(1) Rate of District 101 (Indianapolis – Center Township) which is the only rate that includes all major services.

Source: Marion County Auditor's Office.

Table III is a schedule of the direct debt of HHC and the debt for the overlapping units of government at December 31, 2009. The debt outstanding does not include the 2010 B Qualified Obligations or the 2010 A General Obligation Bonds.

TABLE III
SCHEDULE OF DIRECT AND OVERLAPPING DEBT⁽¹⁾

	<u>Bonds Outstanding</u> (in thousands)
Direct Debt:	
Health and Hospital Corporation of Marion County	\$ 41,190
Overlapping:	
Marion County	\$ 0
City of Indianapolis:	289,954
Other Municipal Corporations	37,930
School Districts	1,727,646
Total Towns and Other Cities	33,310
Townships	6,700
Excluded Library Districts	0
Ben Davis Conservancy District	<u>0</u>
Total Overlapping Debt	\$ 2,095,540
Total Direct and Overlapping Debt	\$ <u>2,136,730</u>

(1) Excludes Revenue Bonds not payable from ad valorem taxes.

Source: City of Indianapolis, Office of Finance and Management

Table IV sets forth the property tax levied and collected for HHC in each of the years from 1999 to 2009.

TABLE IV
PROPERTY TAX LEVIES AND COLLECTIONS⁽¹⁾

Fiscal Year Ended December 31	Taxes Levied For the Fiscal Year	Total Amount Collected	Percentage of Levy
2009 (2)	\$57,247,897	\$31,603,182	55.20%
2008	92,391,685	91,387,789	98.91%
2007	90,456,328	92,132,216	101.85%
2006	90,469,407	88,872,634	98.24%
2005	88,832,049	87,127,862	98.08%
2004	88,991,203	88,146,061	99.05%
2003	87,982,909	91,505,477	104.00%
2002	74,494,711	74,835,034	100.46%
2001	72,738,903	73,144,056	100.56%
2000	71,922,295	70,961,378	98.66%
1999	70,340,389	69,394,898	98.66%

(1) For HHC only.

(2) As of December, 2009. Final settlement is expected to occur in the 1st quarter of 2010.

Source: Marion County Auditor's Office and the Health and Hospital Corporation

The principal property taxpayers for the County in 2009, based on the assessed valuation of the property of such taxpayers is set forth in Table V.

TABLE V
PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2009		
	Net Taxable Assessed Valuation(1)(2)	Rank	Percentage of Total County Taxable Assessed Valuation
Eli Lilly & Company	\$989,116,910	1	2.59%
Indianapolis Power & Light	338,954,380	2	0.87%
Indiana Bell	281,707,560	3	0.74%
Citizens Gas & Coke Utility	196,435,810	4	0.51%
Federal Express Corporation	194,506,360	5	0.51%
Allison Transmission	153,716,730	6	0.40%
Macquarie Office Monument	150,794,370	7	0.39%
American United Life	140,115,410	8	0.37%
Community Hospital Foundation	129,306,910	9	0.34%
Rolls-Royce Corporation	93,342,540	10	0.24%
	\$2,667,996,980		

(1) Represents the March 1, 2008 valuation for taxes due and payable in 2009 as represented by the taxpayer.

(2) Net Assessed Valuation was determined using public records from the Marion County Treasurer's Office.

Source: Marion County Auditor's Office.

Table VI sets forth the legal debt margin calculation at January 1, 2010 for HHC, and the legal debt margin, taking into account the 2010 A General Obligation Bonds.

TABLE VI
LEGAL DEBT MARGIN CALCULATION

	Fiscal Year Ended January 1, 2010
Net assessed value	\$ 35,821,696,626
Debt limit (2% of one-third of assessed valuation)	238,811,311
Debt applicable to limit	
Outstanding Bonded Debt	40,795,000
Legal Debt Margin	198,016,311
2010 A General Obligation Bonds	195,000,000
Legal Debt Margin after issuance	\$ 3,016,311

Source: Marion County Auditor's Office and HHC.

Economic and Demographic Information

The boundaries of HHC include all property and territory in the County, including the City. The County is the most populous in the State. The City, which is located in the County, is the State capital, the largest city in the State and the thirteenth largest city in the United States. Located at roughly the geographic center of the State, the City is the crossroads for more major interstate highways than any other city in the United States. Based on U.S. Bureau of Labor Statistics data for 2005, three-quarters of businesses are within one day's truck drive of the City.

The County historically has a higher estimated per capita income than the State. Per capita income in the County, based on 2008 inflation adjusted dollars, is \$25,546 compared to the State's estimate of \$24,627. See Table VII below for data on per capita income personal income for the County from 1999 to 2008.

Table VII sets forth the total population and average unemployment rate in the County each year from 1999 to 2008, and the unemployment rate for each period for the State. During the recent economic downturn, the unemployment rate for the County has increased to 8.8% for November, 2009. In comparison, the rates for the State increased to 9.3% for November, 2009.

TABLE VII
DEMOGRAPHIC AND ECONOMIC STATISTICS

Year	Population (1)	Per Capita Personal Income (2)	County Unemployment Rate (3)	State Unemployment Rate (3)
2008	880,380	\$ 25,546	5.6%	5.9%
2007	876,804	38,980	4.5%	4.6%
2006	865,504	37,403	4.9%	5.0%
2005	861,760	36,286	5.5%	5.4%
2004	860,674	34,732	5.4%	5.3%
2003	863,251	33,142	5.4%	5.3%
2002	863,429	32,479	5.2%	5.2%
2001	856,938	31,491	3.7%	4.2%
2000	860,454	30,684	2.7%	2.9%
1999	810,946	28,480	2.6%	2.9%

(1) Source: Census Bureau-Population Estimates base reflects changes to the Census 2000 population.

(2) Source: U.S. Bureau of Economics Census Bureau mid-year population estimates. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2000-2008 reflect county population estimates available as of January 2010.

(3) Source: Data provided by the U.S. Bureau of Labor Statistics. Rates are not seasonally adjusted.

Table VIII sets forth the principal employers for the Indianapolis Metropolitan Statistical Area as of June 8, 2009.

TABLE VIII
PRINCIPAL EMPLOYERS

Employer	Employees	Rank	Percentage of Total Indianapolis Metropolitan Statistical Area Labor Force
Clarian Health Partners, Inc.	12,763	1	14.7%
Eli Lilly & Company	11,550	2	13.3%
St. Vincent Hospitals & Health Services	10,640	3	12.3%
IUPUI	7,066	4	8.2%
Federal Express Corp. (FedEx)	6,311	5	7.3%
Community Health Network	5,341	6	6.2%
Rolls-Royce	4,300	7	5.0%
WellPoint, Inc.	3,950	8	4.6%
Allison Transmission/Division of GMC	3,800	9	4.4%
Wishard Health Services	3,364	10	3.9%

Source: The Indianapolis Economic Development in conjunction with The Indy Partnership. Data was taken from the information warehouse containing a listing of the largest employers in the City of Indianapolis/Marion County located at www.indypartnership.com. This list does not include local or state government offices.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Powers and Purposes

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

Board of Directors of the Bond Bank

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

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

Bond Bank Management

Kevin D. Taylor was appointed the Executive Director of the Bond Bank on January 8, 2008. Mr. Taylor is a graduate of Centre College in Danville, Kentucky, and holds an M.P.A. from the School of Public and Environmental Affairs at Indiana University-Bloomington. Following graduate school in 1989, Mr. Taylor began working at Standard & Poor's Corp. in New York City and continued working in municipal credit at Prudential Securities and AIG's Global Investment Group.

Deron S. Kintner serves as Deputy Executive Director and General Counsel to the Bond Bank. Mr. Kintner holds a B.S. degree and J.D. from Indiana University - Bloomington. Prior to joining the Bond Bank, Mr. Kintner worked as an attorney at the Indianapolis law firm of Bingham McHale LLP from 2001-2008, where his practice focused primarily in the area of public finance.

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

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

Other Programs; Outstanding Obligations

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 previously issued and had outstanding as of January 1, 2010 an aggregate principal amount of approximately \$3,962,354,191 in separate program obligations (which amount does not include the Series 2010 A Bonds or the Series 2010 B Bonds). Certain of the foregoing obligations of the Bond Bank may mature or otherwise be defeased as of or prior to the issuance of the Series 2010 B Bonds. In addition, the Bond Bank may issue other obligations prior to the issuance of the Series 2010 B Bonds. All such obligations, including the Series 2010 A Bonds, 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.

QUALIFIED ENTITY

Governance

The Qualified Entity exists and operates as a separate municipal corporation pursuant to the QE Statute and is governed by a Board of Directors. The Qualified Entity was established for the purpose of (i) acquiring land, financing, acquiring, improving, constructing, reconstructing, renovating, equipping, and operating government buildings and systems and (ii) leasing the foregoing to eligible entities. The Board of Directors is comprised of five members appointed by the Building Authority Trustees. Two Building Authority Trustees are appointed by the City-County Council and three Building Authority Trustees are appointed by the Mayor.

Board of Directors

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Abigail W. Hohmann, President	January 31, 2011	Sr. V.P., Colliers Turley Martin Tucker
Donald B. Altemeyer, Vice President	January 31, 2011	Vice Chair, BSA Life Structures, Inc.
William S. Sahm, Secretary	January 31, 2011	President, Bishop Chatard High School
Vaneeta M. Kumar	January 31, 2011	Epilepsy Educator Supervisor, Dept. of Neurology, IU School of Medicine
Herman W. Oliver	January 31, 2011	Retired

Other Programs; Outstanding Obligations

Under the QE Statute, the Qualified Entity 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 QE Statute, the Qualified Entity previously issued and had outstanding as of February 16, 2010 an aggregate principal amount of approximately \$18,660,000 in separate program obligations (which amount does not include the 2010 B Qualified Obligations). Certain of the foregoing obligations of the Qualified Entity may mature or otherwise be defeased as of or prior to the issuance of the Series 2010 B Bonds. In addition, the Qualified Entity may issue other obligations prior to the issuance of the Series 2010 B Bonds. All such obligations are and will be secured separately and independently and do not and will not constitute Qualified Obligations under the QE Indenture or for purposes of this Official Statement.

CONTINUING DISCLOSURE

The Bond Bank will execute a continuing disclosure agreement on the Closing Date (the "Disclosure Agreement"). The Disclosure Agreement will be executed for the benefit of the beneficial owners of the Series 2010 B Bonds. The Disclosure Agreement will provide that so long as the Series 2010 B Bonds remain outstanding, the Bond Bank will provide annually certain financial information and operating data and will provide notice of certain material events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system for municipal securities disclosure, the Nationally Recognized Municipal Securities Information Repository approved in accordance with the Rule and effective as of July 1, 2009, in compliance with the Disclosure Agreement. The form of the Disclosure Agreement is attached hereto as APPENDIX E "Form of Continuing Disclosure Agreement."

HHC has made all filings for 2005, 2006, 2007 and 2008 required pursuant to its continuing disclosure agreement for certain outstanding bonds (the "Undertaking"), however, HHC's comprehensive annual financial reports were not filed for the years ending December 31, 2006, December 31, 2007, and December 31, 2008 at the time required by the Undertaking. Timely notice with respect to these late filings was provided to the applicable NRMSIRs regarding such delay and the comprehensive annual financial reports were subsequently filed.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch") have assigned long-term ratings of "Aa2," "AA+," and "AA", respectively, to the Series 2010 B Bonds. An explanation of the significance of the ratings given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. An explanation of the significance of the ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of the ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004.

Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2010 B Bonds. Other than the reporting obligation of the Bond Bank pursuant to the Disclosure Agreement, the Bond Bank, the Qualified Entity and HHC have not undertaken any responsibility to bring to the attention of the owners of the Series 2010 B Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

UNDERWRITING

The Series 2010 B Bonds are being sold to Citigroup Global Markets Inc., on behalf of itself and as representative of the underwriters (the "Underwriters") pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Bond Bank. The Underwriters have agreed to purchase: (1) the Series 2010 B-1 Bonds at an aggregate purchase price of \$116,927,771.98 which represents the par amounts thereof set forth on the inside cover hereof, plus original issue premium of \$11,257,800.05, and less an underwriting fee of \$580,028.07; and (2) the Series 2010 B-2 Bonds at an aggregate purchase price of \$356,459,261.44 which represents the par amounts thereof set forth on the inside cover hereof less an underwriting fee of \$2,870,738.56. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2010 B Bonds if any are purchased.

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

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

Loop Capital Markets LLC, one of the Underwriters of the Series 2010 B-1 Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital will share a portion of its underwriting compensation with respect to the Series 2010 B-1 Bonds with UBS Financial Services Inc.

J.P. Morgan Securities Inc., one of the Underwriters of the Series 2010 B-2 Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including Series 2010 B-2 Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2010 B-2 Bonds with UBS Financial Services Inc.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

FINANCIAL ADVISOR

Crowe Horwath LLP, Indianapolis, Indiana ("Crowe Horwath") has served as financial advisor to HHC and the Bond Bank with respect to the sale of the Series 2010 B Bonds. As financial advisor, Crowe Horwath has

assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Series 2010 B Bonds. In its role of financial advisor to the Bond Bank and HHC, Crowe Horwath has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement, except for the information in Tables II, V, VI and VIII and the information relating to the years 2008 and 2009 included in Tables I, II, IV and VII under the caption "THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA – Property Tax Information" herein.

INDEPENDENT ACCOUNTANTS

The basic financial statements of The Health and Hospital Corporation of Marion County, Indiana for the year ended December 31, 2008, included in Appendix B to this Official Statement, have been audited by BKD, LLP, independent accountants, as stated in their report appearing therein. Such financial statements are the latest available audited financial statements of The Health and Hospital Corporation of Marion County, Indiana.

TAX MATTERS

Series 2010 B-1 Bonds

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana (together "Co-Bond Counsel"), under existing laws, interest on the Series 2010 B-1 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. The opinion of Co-Bond Counsel is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entity and is conditioned on continuing compliance therewith. In the opinion of Co-Bond Counsel, under existing laws, interest on the Series 2010 B-1 Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax. See Appendix D for the form of opinion of Co-Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2010 B-1 Bonds as a condition to the excludability of the interest on the Series 2010 B-1 Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2010 B-1 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2010 B-1 Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2010 B-1 Bonds would be materially and adversely affected. It is not an event of default if interest on the Series 2010 B-1 Bonds is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2010 B-1 Bonds.

The interest on the Series 2010 B-1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and, pursuant to the Recovery Act, is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Series 2010 B-1 Bonds are **not** "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

Although Co-Bond Counsel will render an opinion that interest on the Series 2010 B-1 Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2010 B-1 Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any other such tax consequences.

Prospective purchasers of the Series 2010 B-1 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2010 B-1 Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2010 B-1 Bonds. Prospective purchasers of the Series 2010 B-1 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2010 B-1 Bonds.

Series 2010 B-2 Bonds

Interest on the Series 2010 B-2 Bonds is **not** excludable from gross income for federal income tax purposes. In the opinion of Co-Bond Counsel, under existing laws, interest on the Series 2010 B-2 Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax. See Appendix D for the form of opinion of Co-Bond Counsel.

Pursuant to the Recovery Act, the Bond Bank intends, upon the issuance of the Series 2010 B-2 Bonds, to make an irrevocable election to treat the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the Series 2010 B-2 Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the Series 2010 B-2 Bonds on such date, under Section 6431 of the Code. Holders of the Series 2010 B-2 Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the Series 2010 B-2 Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2010 B-2 Bonds. Prospective purchasers of the Series 2010 B-2 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2010 B-2 Bonds.

AMORTIZABLE BOND PREMIUM

The initial public offering prices of the Series 2010 B-1 Bonds maturing on January 15, 2013 through and including January 15, 2017, and the initial public offering prices of the Series 2010 B-1 Bonds maturing on January 15, 2019 through and including January 15, 2023 and the initial public offering price of the Series 2010 B-1 Bond maturing on January 15, 2018 with a stated interest rate of 5.000% (collectively, the "Premium Bonds"), are greater than the principal amounts thereof payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium ("Bond Premium"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

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

BUILD AMERICA BONDS

Pursuant to the Recovery Act, the Bond Bank intends, upon the issuance of the Series 2010 B-2 Bonds, to make an irrevocable election to treat the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d)

of the Code and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the Series 2010 B-2 Bonds, to apply to the Secretary of the United States Treasury to receive a Subsidy Payment. Holders of the Series 2010 B-2 Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the Series 2010 B-2 Bonds. See "TAX MATTERS—Series 2010 B-2 Bonds."

Federal tax law contains a number of requirements that apply to the Series 2010 B-2 Bonds in order for them to be and remain qualified as "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code (any bonds which are so qualified, "Qualified Build America Bonds"), including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. Failure to comply with certain of such requirements could cause the Series 2010 B-2 Bonds to not be Qualified Build America Bonds retroactively to the date of issuance of the Series 2010 B-2 Bonds. If for any reason the Series 2010 B-2 Bonds are not Qualified Build America Bonds, the Bond Bank will not be entitled to receive a Subsidy Payment.

To receive a Subsidy Payment on or before any date on which any interest is due on the Series 2010 B-2 Bonds, the Bond Bank is required, under currently existing procedures, to file a tax return between 90 and 45 days prior to such date. Under such procedures, the Bond Bank may expect to receive such Subsidy Payment within 45 days of filing such return. Depending on the timing of such filing, such Subsidy Payment may be received before or after the date on which such interest is due.

No assurances are provided that the Bond Bank will receive any Subsidy Payments. The amount of any Subsidy Payment is subject to legislative changes by Congress. There are currently no procedures for requesting a Subsidy Payment after the 45th day prior to an interest payment date; therefore, if the Bond Bank fails to file the necessary tax return in a timely fashion, it is possible that the Bond Bank will never receive such Subsidy Payment. Also, Subsidy Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the Bond Bank to an agency of the United States of America.

If and to the extent the Bond Bank, on or before any date on which any interest is due on the Series 2010 B-2 Bonds, receives any Subsidy Payment with respect to such interest, the Qualified Entity will receive a credit, in the amount of such Subsidy Payment, toward the interest due on the 2010 B Qualified Obligations on such date.

LITIGATION

Bond Bank

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

Qualified Entity

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

HHC

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

AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

In accordance with the provisions of Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Rule"), HHC filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System for municipal securities disclosures, which is the NRMSIR approved in accordance with the Rule and effective as of July 1, 2009, the Comprehensive Annual Financial Report of The Health and Hospital Corporation for the year ended December 31, 2008 (the "2008 HHC CAFR") and certain financial information relating to HHC. There is included in this Official Statement by this reference the information contained in the 2008 HHC CAFR, which information should be read in its entirety in conjunction with this Official Statement. **The 2008 HHC CAFR is available for viewing electronically at: www.hhcorp.org/cafr_budgets.htm. The audited basic financial statements for HHC for the year ended December 31, 2008 are included herein in APPENDIX B.**

No financial reports related to HHC are prepared on an interim basis and there can be no assurance that there have not been material changes to the financial position of HHC since the date of the 2008 HHC CAFR.

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

Upon request, the Bond Bank will make available the Indenture, the QE Indenture, the Lease or any other authorizing or governing instruments defining the rights of owners of the Series 2010 B Bonds or the owners of the 2010 B Qualified Obligations, and available financial and statistical information regarding the Bond Bank, the Qualified Entity and HHC. Requests for documents and payments therefor should be directed to Mr. Kevin D. Taylor, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2342, 200 East Washington Street, Indianapolis, Indiana 46204, (317) 327-4220.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2010 B Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available (i) to the Trustee or the holders of the Series 2010 B Bonds upon a default under the Indenture, (ii) to the Trustee or the Bond Bank under the 2010 B Qualified Obligations, the Series 2010 B Qualified Entity Purchase Agreement and the QE Indenture, (iii) to the QE Trustee or the Qualified Entity under the Lease or (iv) to any party seeking to enforce the pledges securing the Series 2010 B Bonds or the 2010 B Qualified Obligations described herein (collectively, the "Pledges"), are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial

decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided (or which may be provided) in the Indenture, the Series 2010 B Qualified Entity Purchase Agreement, the 2010 B Qualified Obligations, the QE Indenture, and the Lease, 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, the Qualified Entity or HHC from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the Qualified Obligation Payments pledged to owners of the Series 2010 B Bonds under the Indenture or over the liens pledged to the owner of the 2010 B Qualified Obligations under the QE Indenture and the Lease.

The various legal opinions to be delivered concurrently with the delivery of the Series 2010 B Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by public policy. These exceptions would encompass any exercise of the federal, State or local police powers (including the police powers of the City and the County) in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Series 2010 B Qualified Entity Purchase Agreement, the QE Indenture, the Lease, and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2010 B Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, and Graham & Associates, PC, Indianapolis, Indiana, together Co-Bond Counsel, whose approving legal opinion will be delivered with the Series 2010 B Bonds, substantially in the form annexed hereto as APPENDIX D "Form of Opinion of Co-Bond Counsel." Barnes & Thornburg LLP and Graham & Associates, PC, have served as Co-Bond Counsel to the Qualified Entity. Certain legal matters will be passed on for the Bond Bank by its counsel, Krieg DeVault LLP, for the Qualified Entity by its counsel Krieg DeVault LLP, for HHC by its counsel, Priscilla D. Keith, and for the Underwriters by their counsel, Ice Miller LLP, Indianapolis, Indiana, and Gonzalez Saggio & Harlan LLP, Indianapolis, Indiana.

THE SERIES 2010 B BONDS AS LEGAL INVESTMENTS

Pursuant to the Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank, including the Series 2010 B Bonds.

AGREEMENT WITH STATE

The Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the Series 2010 B Bonds or in any way impair the rights or remedies of the owners of the Series 2010 B Bonds for so long as the Series 2010 B Bonds are outstanding.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2010 B Bonds, the security for the payment of the Series 2010 B Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters. Following delivery of the Series 2010 B Bonds, copies of such documents may be examined at the offices of the Bond Bank.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the Series 2010 B Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the Qualified Entity, HHC, the Trustee or the Underwriters and the purchasers or owners of any Series 2010 B Bonds. The preparation, distribution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK

By: /s/ Briane M. House
Briane M. House, Chairperson

APPENDIX A

THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA

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APPENDIX A

THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA

The Health and Hospital Corporation of Marion County, Indiana (the "HHC") is a separate municipal corporation operating under Indiana Code 16-22-8 (the "HHC Statute"). HHC provides a full range of preventive and curative health services for the residents of Marion County, Indiana (the "County"). HHC administers two statutory service divisions, the Division of Public Health, doing business as the Marion County Health Department ("MCHD"), and the Division of Public Hospitals, doing business as Wishard Health Services ("Wishard Health Services").

MCHD operates two service bureaus: Population Health and Environmental Health. MCHD operates from various clinics and district health offices located throughout the County. The Bureau of Population Health provides preventive and diagnostic health programs, health education, immunization and epidemiological programs. The Bureau of Environmental Health provides environmental health regulations, code enforcement, environmental monitoring and vector control.

Wishard Health Services is comprised of Wishard Memorial Hospital, a general acute care facility with 340 staffed beds, excluding newborn nursery; 8 community health centers; Midtown Community Mental Health Center; Regenstrief Health Center; Wishard's Emergency Trauma Service; Wishard's Ambulance Service; and the Richard M. Fairbanks Burn Center. Wishard Health Services included Lockefield Village, a long term care facility, which provided a multi-level Alzheimer's unit, traditional long term care, medically complex services and an acute rehabilitation unit until Lockefield Village was closed in 2009. For more than 150 years, Wishard Health Services has provided residents in the County with quality health care. Many of the Wishard Health Services programs, including the Indiana University National Center of Excellence and Women's Health, Richard M. Fairbanks Burn Center at Wishard and the Midtown Community Mental Health Center, offer programs that are recognized across the state and the nation.

Wishard Memorial Hospital is the only public, general acute care hospital in the County. Wishard Memorial Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association for the three year period ending December 19, 2011. It is located on the campus of the Indiana University Medical Center, the second largest medical school in the United States and the largest one on a single campus. Wishard Memorial Hospital is a major teaching hospital and collaborates with prestigious research institutions such as the Krannert Institute of Cardiology and the Regenstrief Institute. Wishard Health Services continues to be affiliated with the Indiana University School of Medicine whose faculty physicians provide clinical care to patients throughout the Wishard Health Services system. The Indiana University School of Medicine physicians are not employees of Wishard Health Services but care for the patients of Wishard Health Services through the Indiana University Medical Group – Primary Care ("IUMG-PC") and Indiana University Medical Group – Specialty Care. IUMG-PC is a related party of HHC, through common ownership. IUMG-PC also provides certain physician management services, administration of the risk-based managed care program and the Wishard Advantage Program, as well as physician services to the Wishard Health Services' community health centers. Several leadership positions for Wishard Health Services, including its Chief Executive Officer and Medical Director, are currently held by Indiana University Medical School personnel.

HHC operates a third nonstatutory service division, the Long Term Care Division. HHC currently owns and operates 40 long-term care facilities throughout the State of Indiana (the "Long-Term Care Facilities"), financed through capital lease arrangements and managed by American Senior Communities, LLC ("ASC"). HHC currently leases 18 Long-Term Care Facilities from EagleCare, LLC, a party related to ASC. The other 22 Long-Term Care Facilities are leased from unrelated third parties. All employees at all Long-Term Care Facilities are employees of EagleCare, LLC and HHC reimburses EagleCare, LLC for all associated personnel expense. The long-term care activities support the mission and goal of HHC to provide quality care and services to elderly and disabled people.

Management of HHC

Under the HHC Statute, the Board of Trustees of HHC appoints the executive leadership of HHC described below.

Matthew R. Gutwein, President and Chief Executive Officer of HHC. Mr. Gutwein has served in this capacity since December, 2002. Upon graduation from the Indiana University School of Law-Bloomington in 1988, Mr. Gutwein served as a law clerk to the Honorable J. Clifford Wallace, United States Court of Appeals for the Ninth Circuit. Mr. Gutwein also served as special counsel to the Indiana Attorney General and Chief Counsel to the Governor of the State of Indiana. Mr. Gutwein was also a partner at Baker & Daniels, an Indianapolis law firm. Mr. Gutwein is a member of the Board of Visitors of Indiana University School of Law-Bloomington; Board of Directors, IUMG-PC; Board of Directors, Wishard Memorial Foundation; Board of Directors, Indiana Health Information Exchange; Board of Directors, Fifth Third Bank, Indianapolis; Council on Government Relations, Indiana Hospital and Health Association; Board of Directors, Greater Indianapolis Progress Committee.

Daniel E. Sellers, Treasurer and Chief Financial Officer of HHC. Mr. Sellers has served in this capacity since November, 2002. Mr. Sellers received his M.B.A. from Indiana University Kelly School of Business and his B.A. from Ohio Wesleyan University. Prior to his appointment to his present position, Mr. Sellers was with Guidant Corporation. Mr. Sellers is the Vice Chairperson of the Board of Directors, MDWise, Inc.; Vice-Chairman of the Board of Directors, Lions Insurance Company; Treasurer of the Board of Directors, Charles A. Tindley Accelerated School; and the Board of Directors of IUMG-PC.

Lisa E. Harris, M.D., Chief Executive Officer and Medical Director of Wishard Health Services. Dr. Harris has served in this capacity since January, 2004. Dr. Harris is a graduate of the Indiana University School of Medicine where she also completed residency training in Internal Medicine, an appointment as Chief Medicine Resident at Wishard Memorial Hospital, and fellowship training in Nephrology and Health Services Research. She joined the faculty of Indiana University School of Medicine as Director of Medicare in 1991; serving as a clinician, teacher and investigator in the Regenstrief Institute for Health Care Research. In 1999, Dr. Harris assumed joint appointments as Chief of Medicine for Wishard Health Services and Chief Medical Officer for IUMG-PC. Throughout her career, Dr. Harris has received additional training in physician leadership through the National Association of Public Hospitals (NAPH), the Harvard School of Public Health, and the American College of Physician Executives. She serves on the Executive Committee of NAPH and was also recently appointed Medical Director of the American Red Cross of Greater Indianapolis.

Virginia A. Caine, M.D., Director of Public Health. Dr. Caine has served in this capacity since January, 1994. Dr. Caine is a graduate of the State University of New York Upstate Medical University and completed her residency training at the University of Cincinnati. Dr. Caine joined the faculty at The Johns Hopkins University School of Medicine in 1981. She joined the faculty of Indiana University School of Medicine in 1984 where she is currently an Adjunct Associate Professor of Public Health. She joined the Marion County Health Department in 1984 serving first as the Medical Director of The Bell Flower Clinic, then as the Director of Communicable Diseases, until she assumed her current position in 1994. Dr. Caine's numerous board activities include, but are not limited to, the National Medical Association, Internal Medicine AIDS Session, the National Advisory Committee, Robert Wood Johnson Medicaid Leadership Foundation and The Damien Aids Center.

Medical Staff

The Medical Staff of Wishard Memorial Hospital is composed of active, courtesy, associate, affiliate and honorary categories. The Active Staff consists of physicians and dentists who provide clinical care to patients at Wishard Memorial Hospital. Active Staff members may admit patients to Wishard Memorial Hospital and render supervisory services as well as direct medical and surgical care to all patients. As of December 31, 2009, there were 989 physician members of the Active Staff of Wishard Memorial Hospital and 90.6% of the Active Staff is board certified. As of December 31, 2009, the average age of the physician members of the Active Staff is 47.44 years.

Utilization Statistics

	Fiscal Year Ended December 31,					
	2009	2008	2007	2006	2005	2004
Admissions ¹	18,585	19,624	19,674	18,971	18,220	17,947
Patient Days ²	107,018	159,932	161,170	160,788	155,470	152,136
Outpatient Encounters (not including Emergency)	1,120,659	1,126,196	1,079,108	1,068,042	1,075,380	854,545
Emergency Department Visits	110,448	113,680	108,102	98,946	97,657	94,576
Advantage Members	49,276	50,241	50,879	49,421	47,572	43,528
Uncompensated Care ³ (In Thousands)	269,752	254,836	236,691	218,080	193,558	182,780
Surgeries	8,162	7,816	7,607	6,682	6,305	6,103
Births	2,414	2,643	2,760	2,610	2,447	2,496

¹Includes Acute Care, Behavioral and Lockefield Village. Lockefield Village was closed in June of 2009. Had that operation continued, admissions were projected at 18,943.

²Includes Acute Care, Behavioral and Lockefield Village. Lockefield Village was closed in June of 2009. Had that operation continued, patient days were projected at 159,991.

³Information for 2009 is annualized based on 11 months.

Source: Wishard Health Services and the Comprehensive Annual Financial Report of The Health and Hospital Corporation for the year ended December 31, 2008 (the "2008 HHC CAFR").

Financial Information

HHC's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Audited basic financial statements of HHC for the year ended December 31, 2008, are included in APPENDIX B. Presented below is summarized government-wide financial information for the fiscal years ended December 31, 2008 and 2007, which has been derived by management of HHC from its 2008 HHC CAFR. Such information should be read in conjunction with the financial statements, related notes, and other financial information included in APPENDIX B.

The government-wide financial statements, which are comprised of the statement of net assets and the statement of activities, are designed to provide readers with a broad overview of HHC's finances in a manner similar to a private-sector business. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year the levy and tax rates are certified. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments, when patient services are performed.

The statement of net assets presents information on all of HHC's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of HHC is improving or deteriorating.

The statement of activities presents information showing how HHC's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement of activities demonstrates the degree to which

the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Both of the government-wide financial statements distinguish functions of HHC that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs (including depreciation) through user fees and charges (business-type activities). The governmental activities of HHC include those focused on public health: health improvement, communicable disease prevention, water quality and hazardous materials management, vector disease control, housing and neighborhood health, consumer and employee risk reduction, and administration and finance activities, including debt management. The business-type activities reflect the operations of Wishard Health Services, including a general acute care hospital and eight community health centers, as well as HHC's long-term care operations.

The government-wide financial statements include only HHC (known as the primary government), and Lions Insurance Company, a blended component unit established in 2006, whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by HHC.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 269,720,086	\$ 247,350,147	\$208,554,069	\$ 201,555,330	\$ 478,274,155	\$ 448,905,477
Capital assets, net of accumulated depreciation	<u>12,144,116</u>	<u>13,472,861</u>	<u>314,098,422</u>	<u>325,202,690</u>	<u>326,242,538</u>	<u>338,675,551</u>
Total Assets	<u>281,864,202</u>	<u>260,823,008</u>	<u>522,652,491</u>	<u>526,758,020</u>	<u>804,516,693</u>	<u>787,581,028</u>
Liabilities						
Long-term liabilities	51,134,124	47,751,564	221,669,744	205,544,194	272,803,868	253,295,758
Other liabilities	<u>10,626,510</u>	<u>10,677,156</u>	<u>75,583,791</u>	<u>90,509,420</u>	<u>86,210,301</u>	<u>101,186,576</u>
Total Liabilities	<u>61,760,634</u>	<u>58,428,720</u>	<u>297,253,535</u>	<u>296,053,614</u>	<u>359,014,169</u>	<u>354,482,334</u>
Net Assets						
Invested in capital assets, net of related debt	(17,518,906)	7,784,239	124,917,253	106,358,255	107,398,347	114,142,494
Restricted	-	-	732,481	1,261,455	732,481	1,261,455
Unrestricted	<u>237,622,474</u>	<u>194,610,049</u>	<u>99,749,222</u>	<u>123,084,696</u>	<u>337,371,696</u>	<u>317,694,745</u>
Total Net Assets	<u>\$ 220,103,568</u>	<u>\$202,394,288</u>	<u>\$ 225,398,956</u>	<u>\$ 230,704,406</u>	<u>\$ 445,502,524</u>	<u>\$ 433,098,694</u>

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 31,002,923	\$ 36,715,671	\$ 524,256,255	\$ 450,327,883	\$ 555,259,178	\$ 487,043,554
Operating grants and contributions	15,513,792	13,955,419	16,646,528	9,308,853	32,160,320	23,264,272
Capital grants and contributions	1,527,403	1,217,110	-	314,400	1,527,403	1,531,510
General revenues						
Property and local option income taxes	97,126,269	89,583,638	-	-	97,126,269	89,583,638
Other taxes	8,211,558	8,099,762	-	-	8,211,558	8,099,762
Medicaid special revenue	87,227,322	102,956,478	-	-	87,227,322	102,956,478
Unrestricted investment earnings	<u>4,056,678</u>	<u>7,077,243</u>	<u>6,056,195</u>	<u>3,451,521</u>	<u>10,112,873</u>	<u>10,528,764</u>
Total revenues	<u>244,665,945</u>	<u>259,605,321</u>	<u>546,958,978</u>	<u>463,402,657</u>	<u>791,624,923</u>	<u>723,007,978</u>
Expenses						
Administration and finance	27,873,858	20,163,477	-	-	27,873,858	20,163,477
Health improvement	25,527,724	24,159,226	-	-	25,527,724	24,159,226
Communicable disease prevention	12,223,308	11,352,654	-	-	12,223,308	11,352,654
Water quality and hazardous material management	1,839,289	1,935,157	-	-	1,839,289	1,935,157
Vector disease control	3,804,382	3,940,890	-	-	3,804,382	3,940,890
Housing and neighborhood health	6,143,281	5,269,185	-	-	6,143,281	5,269,185
Consumer and employee risk reduction	1,580,062	1,579,658	-	-	1,580,062	1,579,658
Interest on long-term debt	2,652,816	2,690,760	-	-	2,652,816	2,690,760
Wishard Health Services	-	-	457,457,787	424,232,288	457,457,787	424,232,288
Long-term care	-	-	<u>240,118,586</u>	<u>212,410,072</u>	<u>240,118,586</u>	<u>212,410,072</u>
Total expenses	<u>81,644,720</u>	<u>71,091,007</u>	<u>697,576,373</u>	<u>636,642,360</u>	<u>779,221,093</u>	<u>707,733,367</u>
Increase (Decrease) in Net Assets Before Transfers	163,021,225	188,514,314	(150,617,395)	(173,239,703)	12,403,830	15,274,611
Transfers	<u>(145,311,945)</u>	<u>(157,734,870)</u>	<u>145,311,945</u>	<u>157,734,870</u>	-	-
Increase (Decrease) in Net Assets	17,709,280	30,779,444	(5,305,450)	(15,504,833)	12,403,830	15,274,611
Net Assets, Beginning of Year	<u>202,394,288</u>	<u>171,614,844</u>	<u>230,704,406</u>	<u>246,209,239</u>	<u>433,098,694</u>	<u>417,824,083</u>
Net Assets, End of Year	<u>\$ 220,103,568</u>	<u>\$ 202,394,288</u>	<u>\$ 225,398,956</u>	<u>\$ 230,704,406</u>	<u>\$ 445,502,524</u>	<u>\$ 433,098,694</u>

Sources of Revenue

HHC's total revenue for 2008 was \$791,624,923. Taxes (primarily property taxes) represented 13.3% of HHC's revenue. Medicaid special revenue represented 11.0% of revenue, while 70.1% of revenue came from fees charged for services. The remaining 5.6% came from grants and contributions, interest earnings, and miscellaneous revenues.

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana ("Marion County Treasurer"). These taxes are then distributed by the Auditor of Marion County, Indiana ("Marion County Auditor") to HHC and the other governmental entities by June 30 and December 31 of each year. HHC and the other governmental entities can request advances of their portion of the collected taxes from the Marion County Treasurer once the levy and tax rates are certified by the Department of Local Government Finance ("DLGF"). The DLGF typically certifies the levy on or before February 15 of the year following the property tax assessment.

HHC receives funding from Medicare, Medicaid and supplemental Medicaid programs, including Medicaid Special Revenue. With the exception of supplemental Medicaid programs, amounts reimbursed or estimated to be reimbursed by these programs are generally determined in accordance with a prospective price-per-case payment system or under the provisions of cost-reimbursement formulas.

Medicaid Special Revenue includes revenue from various sources including the State of Indiana Disproportionate Share Hospital Payment Program (DSH - established to reimburse hospitals that serve a disproportionate share of indigent patients) the Upper Payment Limit (UPL - established to pay qualifying health care providers the difference between what Medicare would have paid and what Medicaid actually paid) and other contractual revenues. The money received from the Medicaid special revenues can be utilized by HHC without restriction. Medicaid Special Revenue is distributed through an intergovernmental transfer (IGT) arrangement. The basis for payment is derived from services rendered to patients through Wishard Health Services (including the physician access to care program) and through HHC's long-term care activities.

Medicaid Special Revenue associated with services provided through Wishard Health Services is comprised of UPL and DSH payments, which are all recorded in HHC's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and Indiana Code 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupements of the net receipts previously made to HHC. HHC does not have access to reasonable information to estimate levels of combined DSH and UPL payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or its own) fiscal year. As such, management records DSH payments on a cash basis. UPL payments are more predictable and are therefore recognized on an accrual basis.

HHC also provides services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies. The basis for payment to under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Reimbursement rates for both Medicare and Medicaid are increasing at rates less than inflation. Supplemental Medicaid programs have limited funds available and the number of hospitals eligible for these funds has increased over the past few years, which leaves less money available for HHC. Also, HHC's ability to increase taxes is limited by State law and there continues to be a growing number of persons who need assistance from both MCHD and Wishard Health Services.

HCI Property Tax Replacement. In 2008, P.L.146-2008 added Indiana Code 12-16-17 (the HCI Statute"), which requires the Family and Social Services Agency of the State of Indiana ("FSSA") to transfer \$40,000,000 ("HCI Property Tax Replacement") to HHC in four equal installments in each calendar year commencing in 2009 from the State General Fund. The HCI Statute requires that the maximum permissible property tax levy that HHC would otherwise be permitted to impose under Indiana Code 6-1.1-18.5-3 be reduced by \$35,000,000 in any calendar year for which the transfer is effective. Thus, HHC reduced its General Fund property tax levy by an

amount in excess of \$35,000,000, compared to 2008, and recognized the new revenue to come from the HCI Property Tax Replacement in its 2009 budget.

General Obligation Bonds. In addition to the 2010 A General Obligation Bonds, HHC issued \$28,000,000 of general obligations bonds (the "1988 Bonds") in October, 1988. Such bonds are currently outstanding in the principal amount of \$16,185,000. Such bonds are payable from an unlimited ad valorem tax levied on all taxable property in the County, subject to the Circuit Breaker Tax Credit described below.

In November, 2005, HHC also issued \$28,960,000 of General Obligation Refunding Bonds, Series 2005. Such bonds are currently outstanding in the amount of \$24,610,000. Such bonds are payable from an unlimited ad valorem property tax levied on all taxable property in the County, subject to the Circuit Breaker Tax Credit described below.

Other Debt. HHC has approximately \$276,000,000 in aggregate principal amount of capital lease obligations relating to the Long-Term Care Facilities.

Circuit Breaker Tax Credit. Beginning in 2007, the Indiana General Assembly has enacted legislation (Indiana Code 6-1.1-20.6), which provides taxpayers with a tax credit for all property taxes in an amount that exceeds certain percentages of the gross assessed value of real and personal property eligible for the credit (the "Circuit Breaker Tax Credit"). For property assessed as a homestead, the Circuit Breaker Tax Credit was the amount by which the property taxes attributable to the homestead exceeded 2% of the gross assessed value of the homestead, for property taxes due and payable in 2008. For property taxes payable in 2009, property taxes for a homestead were limited to 1.5% of the gross assessed value of the homestead; property taxes for agricultural, other residential rental property and long term care facilities were limited to 2.5% of their gross assessed value; and property taxes for all other real and personal property were limited to 3.5% of gross assessed value. Beginning with property taxes payable in 2010, property taxes for homesteads will be limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential rental property and long term care facilities will be limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property will be limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens.

If applicable, 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. Indiana Code 6-1.1-20.6-10 requires taxing units to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. If property tax collections are insufficient to fully fund debt service or lease rental levies due to the Circuit Breaker Tax Credit, taxing units must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund. Indiana Code 6-1.1-20.6-10 also provides that if property tax revenues are not sufficient to pay debt service on bonds or leases payable from property taxes, the State must intercept local option income tax distributions and available distributions of state monies for the benefit of bondholders. There has been no judicial interpretation of this statute. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or collection of property taxes. This application of property tax revenues may impact the ability of political subdivisions to provide existing levels of service and, in extreme cases, the ability to make debt service or lease rental payments. The Indiana General Assembly is currently considering legislative proposals which would require a referendum in November 2010 for the purpose of approving the addition of the provisions of the Circuit Breaker Tax Credit to the Indiana Constitution.

The projects for which the 2010 A General Obligation Bonds and the 2010 B Qualified Obligations are being issued were approved by a referendum pursuant to Indiana Code 6-1.1-20-3.6 and, therefore, the ad valorem property tax levied to pay the debt service payments on the 2010 A General Obligation Bonds and the Lease Rental Payments under the Lease are not subject to the Circuit Breaker Tax Credits and is unlimited as to rate and amount. Such limits are however applicable to other ad valorem property taxes levied by HHC.

Legislative Services Agency ("LSA") prepared a report which estimates the impact of the Circuit Breaker Tax Credits for all taxing units in the State. Pursuant to LSA data dated December 1, 2009, the estimated Circuit Breaker Tax Credits allocable to HHC for budget years 2009 through 2011 are shown in the following table.

	<u>Estimated Circuit Breaker Tax Credit</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
HHC	861,323	4,409,040	4,607,560

The LSA Circuit Breaker Tax Credit analysis described above does not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly. The effects of these changes could affect LSA's estimate of the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, or increases in property tax rates of overlapping taxing units could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

APPENDIX B

**AUDITED BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 FOR
THE HEALTH AND HOSPITAL CORPORATION**

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**Health and Hospital Corporation
of Marion County, Indiana**

(A Component Unit of
the Consolidated City of Indianapolis - Marion County)

Accountants' Report and Financial Statements

For the Year Ended December 31, 2008

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2008

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Health and Hospital Corporation of Marion County, Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (Corporation) as of and for the year ended December 31, 2008, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and General Fund budgetary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 8, the Corporation changed its accounting method related to Medicaid Special Revenue.

BKD, LLP

September 10, 2009

Management's Discussion and Analysis

As management of the Health and Hospital Corporation of Marion County, Indiana (Corporation), we offer readers of this Corporation's basic financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2008. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$445,502,524 (net assets). Of this amount, \$337,371,696 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Corporation's total net assets increased by \$12,403,830.
- As of the close of 2008, the Corporation's governmental funds reported combined ending fund balances of \$213,800,445 an increase of \$41,383,653 in comparison with the prior year. Approximately 96.2% of this total amount, \$205,654,513, is available for spending at the discretion of the Corporation's Board of Trustees (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$144,967,336 or 190.7% of total general fund expenditures.
- The Corporation's total debt excluding capital leases decreased by \$1.9 million or 4.4% during the current fiscal year. This reflects scheduled principal payments on outstanding notes and bonds. The capital lease obligation decreased by \$2,531,753 or (1.3)% in 2008.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Health and Hospital Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain required supplementary information.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Health and Hospital Corporation include those focused on public health: health improvement, communicable disease prevention, water quality and hazardous materials management, vector disease control, housing and neighborhood health, consumer and employee risk reduction, and administration and finance activities, including debt management. The business-type activities reflect the operations of Wishard Health Services; including a general acute care hospital and eight community health centers and the Long-Term Care operations (LT Care).

The government-wide financial statements include only the Health and Hospital Corporation of Marion County, Indiana (known as the primary government), which includes Lions Insurance Company, a blended component unit established in 2006. Since the Corporation's Board is appointed, not elected, under Governmental Accounting Standards Board (GASB) Statement No. 14, the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov), and the financial statements of the Corporation are included in the Comprehensive Annual Financial Report of Uni-Gov. Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The Corporation adopts an annual appropriated budget for its General, Debt Service, and a portion of its Capital Projects Fund.

Proprietary Funds - The Corporation's proprietary fund consists of two enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The Corporation uses the enterprise fund to account for its Wishard Health Services Division and its LT Care operations.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedule for the General Fund.

Financial Analysis of the Corporation as a Whole

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$445,502,524 at December 31, 2008.

A portion of the Corporation's net assets, 24.1%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Corporation uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Corporation's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Corporation's net assets, 0.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$337,371,696, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2008, the Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Corporation's net assets increased by \$12,403,830 during the current fiscal year. The majority of the increase reported in connection with the Corporation's governmental activities resulted from Medicaid special revenue payments.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 269,720,086	\$ 247,350,147	\$ 208,554,069	\$ 201,555,330	\$ 478,274,155	\$ 448,905,477
Capital assets, net of accumulated depreciation	12,144,116	13,472,861	314,098,422	325,202,690	326,242,538	338,675,551
Total Assets	<u>281,864,202</u>	<u>260,823,008</u>	<u>522,652,491</u>	<u>526,758,020</u>	<u>804,516,693</u>	<u>787,581,028</u>
Liabilities						
Long-term liabilities	51,134,124	47,751,564	221,669,744	205,544,194	272,803,868	253,295,758
Other liabilities	10,626,510	10,677,156	75,583,791	90,509,420	86,210,301	101,186,576
Total Liabilities	<u>61,760,634</u>	<u>58,428,720</u>	<u>297,253,535</u>	<u>296,053,614</u>	<u>359,014,169</u>	<u>354,482,334</u>
Net Assets						
Invested in capital assets, net of related debt	(17,518,906)	7,784,239	124,917,253	106,358,255	107,398,347	114,142,494
Restricted	-	-	732,481	1,261,455	732,481	1,261,455
Unrestricted	237,622,474	194,610,049	99,749,222	123,084,696	337,371,696	317,694,745
Total Net Assets	<u>\$ 220,103,568</u>	<u>\$ 202,394,288</u>	<u>\$ 225,398,956</u>	<u>\$ 230,704,406</u>	<u>\$ 445,502,524</u>	<u>\$ 433,098,694</u>

Changes in Net Assets

The Corporation's total revenue was \$791,624,923 during the current fiscal year. Taxes represent 13.3% of the Corporation's revenue. Medicaid special revenue represents 11.0% of revenue, while 70.1% of revenue came from fees charged for services. The remaining 5.6% came from grants and contributions, interest earnings, and miscellaneous revenues.

The total cost of all programs and services was \$779,221,093. This resulted in an increase in net assets for the year of \$12,403,830.

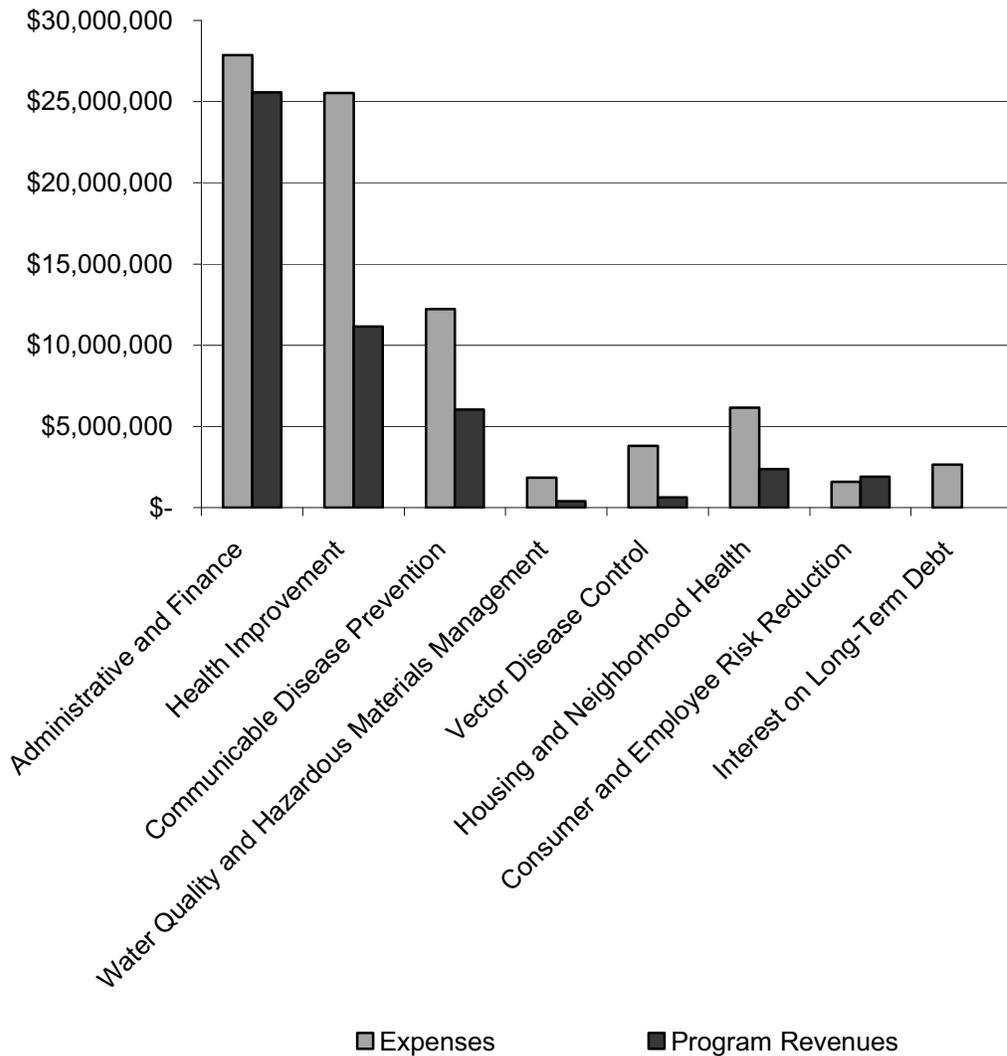
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 31,002,923	\$ 36,715,671	\$ 524,256,255	\$ 450,327,883	\$ 555,259,178	\$ 487,043,554
Operating grants and contributions	15,513,792	13,955,419	16,646,528	9,308,853	32,160,320	23,264,272
Capital grants and contributions	1,527,403	1,217,110	-	314,400	1,527,403	1,531,510
General revenues						
Property and local option income taxes	97,126,269	89,583,638	-	-	97,126,269	89,583,638
Other taxes	8,211,558	8,099,762	-	-	8,211,558	8,099,762
Medicaid special revenue	87,227,322	102,956,478	-	-	87,227,322	102,956,478
Unrestricted investment earnings	4,056,678	7,077,243	6,056,195	3,451,521	10,112,873	10,528,764
Total revenues	<u>244,665,945</u>	<u>259,605,321</u>	<u>546,958,978</u>	<u>463,402,657</u>	<u>791,624,923</u>	<u>723,007,978</u>
Expenses						
Administration and finance	27,873,858	20,163,477	-	-	27,873,858	20,163,477
Health improvement	25,527,724	24,159,226	-	-	25,527,724	24,159,226
Communicable disease prevention	12,223,308	11,352,654	-	-	12,223,308	11,352,654
Water quality and hazardous material management	1,839,289	1,935,157	-	-	1,839,289	1,935,157
Vector disease control	3,804,382	3,940,890	-	-	3,804,382	3,940,890
Housing and neighborhood health	6,143,281	5,269,185	-	-	6,143,281	5,269,185
Consumer and employee risk reduction	1,580,062	1,579,658	-	-	1,580,062	1,579,658
Interest on long-term debt	2,652,816	2,690,760	-	-	2,652,816	2,690,760
Wishard Health Services	-	-	457,457,787	424,232,288	457,457,787	424,232,288
Long-term care	-	-	240,118,586	212,410,072	240,118,586	212,410,072
Total expenses	<u>81,644,720</u>	<u>71,091,007</u>	<u>697,576,373</u>	<u>636,642,360</u>	<u>779,221,093</u>	<u>707,733,367</u>
Increase (Decrease) in Net Assets						
Before Transfers	163,021,225	188,514,314	(150,617,395)	(173,239,703)	12,403,830	15,274,611
Transfers	<u>(145,311,945)</u>	<u>(157,734,870)</u>	<u>145,311,945</u>	<u>157,734,870</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	17,709,280	30,779,444	(5,305,450)	(15,504,833)	12,403,830	15,274,611
Net Assets, Beginning of Year	<u>202,394,288</u>	<u>171,614,844</u>	<u>230,704,406</u>	<u>246,209,239</u>	<u>433,098,694</u>	<u>417,824,083</u>
Net Assets, End of Year	<u>\$ 220,103,568</u>	<u>\$ 202,394,288</u>	<u>\$ 225,398,956</u>	<u>\$ 230,704,406</u>	<u>\$ 445,502,524</u>	<u>\$ 433,098,694</u>

Governmental Activities - Governmental activities increased the Corporation's net assets by \$17,709,280 compared to the total \$12,403,830 increase in net assets of the Corporation. Property and local option income taxes increased by \$7,542,631. Medicaid special revenues decreased \$15,729,156 due to more settlements being received in 2007.

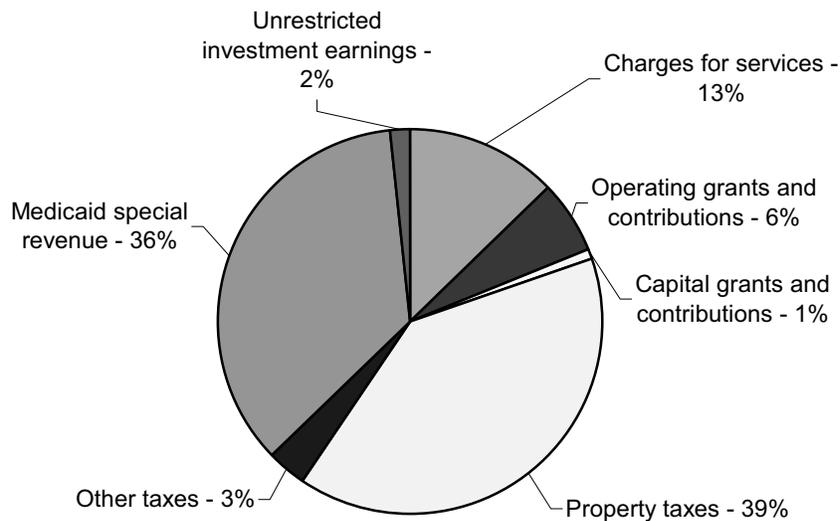
Capital contributions to Wishard Health Services were \$377,910 a decrease of \$356,960 from prior year. The current year capital contributions to Wishard were for computers, software, and support for the continued implementation of the public health preparedness response system. Transfers to Wishard Health Services were \$175,234,035, an increase of \$18,234,035 from last year. Transfers of \$30,300,000 were also made from LT Care to the governmental funds.

The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, and revenues by source. As shown, administrative and finance is the largest function in expense. General revenues such as property tax are not shown by program; but are included in the revenues by source chart to show their significance. Taxes are used to support program activities for the entire Corporation.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



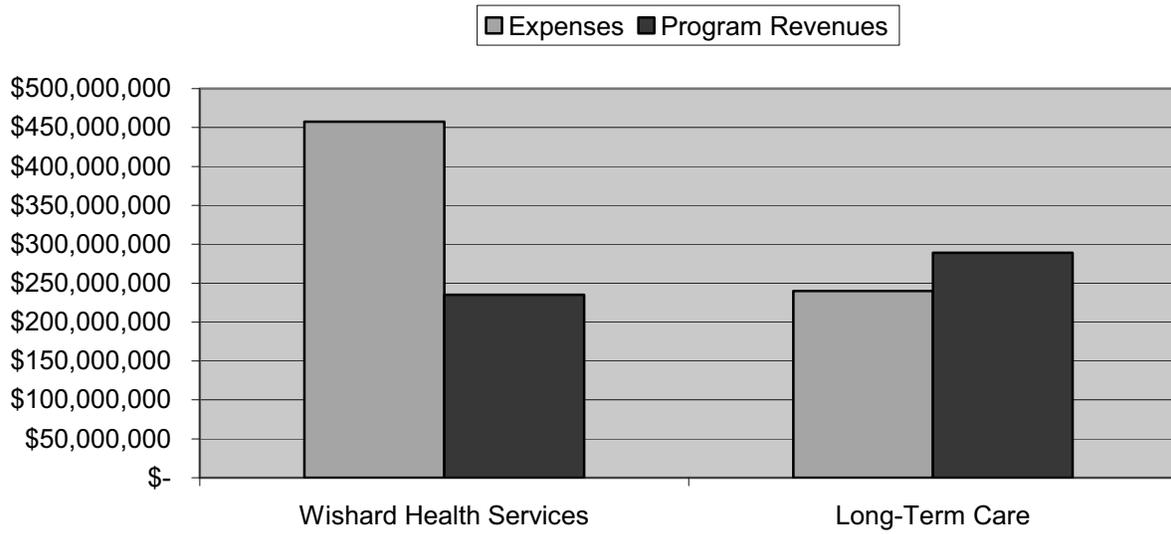
Business-Type Activities - Business-type activities decreased the Corporation's net assets by \$5,305,450 compared to a decrease of \$15,504,833 in 2007.

Wishard's net assets decreased by \$24.1 million in the current year. Wishard's unrestricted net assets decreased by \$45.7 million. Revenues increased by \$5.6 million due to increases of \$6.3 million and \$7.3 million in net patient service revenue and noncapital gifts and grants, respectively. These increases were offset by a decrease of \$10.8 million in other revenue. Operating expenses increased \$33.2 million in response to increased patient volumes and cost inflation. Wishard incurred an operating loss of \$222.2 million, which was offset by \$175.2 million in transfers from Health and Hospital Corporation, \$16.6 million in mental health grants from various agencies, and \$5.9 million in investment income.

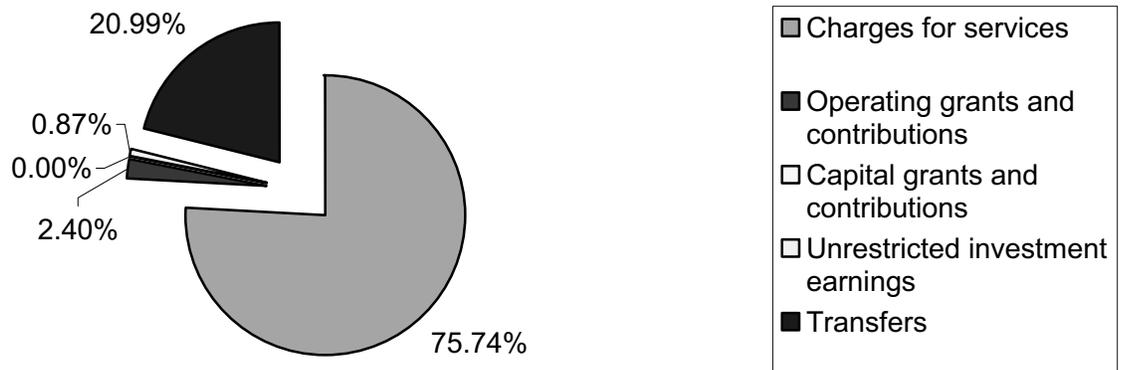
LT Care net assets were \$35,595,624, which was an increase of \$18.7 million over 2007. Operating revenues increased \$78.4 million due to increased Medicaid reimbursements and operating expenses increased \$27.4 million. This was primarily due to the addition of a nursing home in 2008. LT Care has a negative \$20.3 million invested in capital assets, net of related debt. All 29 facilities are recorded as capital leases under non-current assets.

The following charts provide a comparison of revenues and expenses, and revenues by source for the Corporation's business activities.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Corporation's Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$213,800,445, an increase of \$41,383,653 in comparison with the prior year. Approximately 97.1% of this total amount, \$207,531,530, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$3.3 million) and 2) cover prepaid costs (\$2.9 million).

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$144,967,336, while total fund balance increased to \$153,113,268. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 190.7% of total general fund expenditures, while total fund balance represents 201.4% of that same amount.

The fund balance of the Corporation's General Fund increased by \$23,314,566 during the current fiscal year, in comparison to a \$10,433,389 increase in 2007. Medicaid special revenue increased \$21.4 million, primarily because of prior year settlements received during the availability period. Charges for service revenues decreased due to less medical education revenue recognized from Indiana University while miscellaneous revenues increased. Administrative expenses have increased \$3.8 million related to increased contractual costs. Population health expense increases of \$501,290 include increased efforts in health promotion and maternal and child health. Transfers reflect an increase in support to Wishard of \$18.6 million. The increase in grant expenditures of \$1,462,783 is a net result of a number of grants programs ending, a reduction in several others and an increase in the Healthcare Facilities Emergency Program.

Debt Service Funds - The Debt Service Fund has a negative fund balance of \$(3,631,044) compared to a balance of \$(412,637) in the prior year. The net decrease in fund balance during the current year was \$(3,218,407). This decrease is due to 2008 property taxes being delayed and received in 2009.

Capital Projects Funds - The Capital Projects Fund has a total fund balance of \$64,318,221. The net increase in fund balance during the current year was \$21,287,494 due to taxes, interest income and a \$20,300,000 transfer in from LT Care. There were no new construction or renovation projects this year requiring use of these funds.

Proprietary Funds - The Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Wishard Health Services at the end of the year amounted to \$43,841,152. Total net assets decreased by \$24.1 million. Other factors concerning the finances of Wishard have already been addressed in the discussion of the Corporation's business-type activities.

Unrestricted net assets of LT Care at the end of the year were \$55,908,070. The increase in net assets was \$18.7 million. Other information on LT Care operations can be found in the discussion of the Corporation's business-type activities.

General Fund Budgetary Highlights

The original budget of \$264,156,345 was increased by \$80,000,000 during 2008. This increase was the net of an increase of \$1.7 million increase to supplies, an increase of \$80 million in additional contractual services that is included in other charges and services, and a decrease of \$1.7 million in capital outlays.

The final General Fund budget of \$344,156,345 included \$176,156,345 in expenditures and \$168,000,000 in transfers. Actual expenditures and transfers out were \$246,072,926. Of the total under spending, \$1.2 million was budgeted for personal services, \$570,000 for supplies, \$90.5 million for contractual services, and \$3.1 million for capital outlays. Under spending for contractual service reflects a change in accounting treatment in which intergovernmental transfers for special Medicaid are now being netted against revenue rather than shown as expense. Other under spending reflects potential year-end expenses that did not occur. General revenues and other resources were originally estimated at \$258,892,227, final budgets were \$338,892,227, and actual was \$259,666,224. Taxes collected were \$15.2 million under budget due to delays in collection of property tax revenues and Medicaid special revenue was \$76.4 million under budget due to a change in accounting treatment. Miscellaneous revenue was over budget due to increased cash collections of medical education revenues from Indiana University.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2008, amount to \$326,242,538 (net of accumulated depreciation), compared to \$338,675,551 at the end of 2007. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles and construction in progress.

Major capital asset events during 2008 included the following:

- Completed software conversion of McKesson software and pharmacist workflow and document imaging program
- Purchase of a new mammogram RV
- Ophthalmology Clinic renovation
- Exterior waterproofing of Hasbrook Building
- Upgrade of electronic software storage unit

Additional information on the Corporation's capital assets can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,826,707	\$ 1,782,995	\$ 1,189,877	\$ 1,189,877	\$ 3,016,584	\$ 2,972,872
Land improvements	-	-	2,047,148	2,055,667	2,047,148	2,055,667
Buildings and improvements	7,350,603	8,224,680	262,271,182	274,812,337	269,621,785	283,037,017
Equipment	2,204,852	2,618,742	39,661,472	32,103,094	41,866,324	34,721,836
Vehicles	565,666	846,444	1,328,463	718,183	1,894,129	1,564,627
Construction in progress	196,288	-	7,600,280	14,323,532	7,796,568	14,323,532
Total assets	\$ 12,144,116	\$ 13,472,861	\$ 314,098,422	\$ 325,202,690	\$ 326,242,538	\$ 338,675,551

Long-Term Debt - At the end of 2008, the Corporation had total debt outstanding of \$41,734,522, excluding capital leases. This amount represents the total general obligation debt.

Moody's Investors Service rates the Corporation's general obligation debt "Aaa".

State statutes limit the amount of general obligation debt a governmental entity may issue to 0.67% of its total assessed valuation. The current debt limitation for the Corporation is \$292,821,329. Outstanding debt at December 31, 2008 represents 14.6% of this limit.

Additional information on the Corporation's long-term debt can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
1988 renovation bonds	\$ 17,245,000	\$ 18,235,000	\$ -	\$ -	\$ 17,245,000	\$ 18,235,000
2005 general obligation bonds	25,390,000	26,140,000	-	-	25,390,000	26,140,000
Deferred premiums	848,306	901,326	-	-	848,306	901,326
Deferred amount on refunding	(1,748,784)	(1,912,964)	-	-	(1,748,784)	(1,912,964)
1998 promissory note	-	218,122	-	-	-	218,122
Capital leases	-	-	189,181,169	191,712,922	189,181,169	191,712,922
Total long-term debt	<u>\$ 41,734,522</u>	<u>\$ 43,581,484</u>	<u>\$ 189,181,169</u>	<u>\$ 191,712,922</u>	<u>\$ 230,915,691</u>	<u>\$ 235,294,406</u>

Economic Factors and Next Year's Budgets and Rates

The 2009 original budget for all annually budgeted funds was \$286,594,980. No revisions have been made through August 2009. The 2009 General Fund budget is \$282,238,000, a 21.9% decrease from the 2008 final General Fund budget of \$344,156,345.

Requests for Information

This financial report is designed to provide a general overview of the Health and Hospital Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 3838 N. Rural, Indianapolis, Indiana, 46205.

Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 211,383,065	\$ 78,889,658	\$ 290,272,723
Investments	-	4,659,862	4,659,862
Receivables, net:			
Patient services	-	61,151,446	61,151,446
Medicaid special revenue	-	8,943,835	8,943,835
Grants	3,864,037	4,415,167	8,279,204
Interest	-	33,725	33,725
Taxes	41,221,939	-	41,221,939
Other	9,719,858	8,748,976	18,468,834
Inventories	-	4,734,664	4,734,664
Prepaid costs and other assets	2,930,004	6,666,989	9,596,993
Restricted cash and cash equivalents	-	732,481	732,481
Bond issuance costs	331,380	-	331,380
Net pension asset	269,803	1,037,431	1,307,234
Lease acquisition costs (net of accumulated amortization)	-	9,808,845	9,808,845
Joint venture investments	-	11,441,884	11,441,884
Other long-term assets	-	7,289,106	7,289,106
Capital assets (net of accumulated depreciation):			
Land	1,826,707	1,189,877	3,016,584
Land improvements	-	2,047,148	2,047,148
Buildings and improvements	7,350,603	262,271,182	269,621,785
Equipment	2,204,852	39,661,472	41,866,324
Vehicles	565,666	1,328,463	1,894,129
Construction in progress	196,288	7,600,280	7,796,568
Total assets	<u>281,864,202</u>	<u>522,652,491</u>	<u>804,516,693</u>
Liabilities			
Accounts payable	5,503,199	36,900,301	42,403,500
Salaries and related benefits	4,271,849	24,069,716	28,341,565
Unearned revenue	851,462	4,109,272	4,960,734
Estimated Medicare/Medicaid settlements	-	3,156,996	3,156,996
Medical claims incurred but not reported	-	4,771,474	4,771,474
Risk share payable	-	2,576,032	2,576,032
Long-term liabilities			
Due within one year	7,623,198	28,184,733	35,807,931
Due in more than one year	43,510,926	193,485,011	236,995,937
Total liabilities	<u>61,760,634</u>	<u>297,253,535</u>	<u>359,014,169</u>
Net Assets			
Invested in capital assets, net of related debt	(17,518,906)	124,917,253	107,398,347
Restricted for:			
Health services	-	732,481	732,481
Unrestricted	237,622,474	99,749,222	337,371,696
Total net assets	<u>\$ 220,103,568</u>	<u>\$ 225,398,956</u>	<u>\$ 445,502,524</u>

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Statement of Activities For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	\$ 27,873,858	\$ 24,835,565	\$ 729,915	\$ -	\$ (2,308,378)	\$ -	\$ (2,308,378)
Health improvement	25,527,724	2,324,464	8,818,926	-	(14,384,334)	-	(14,384,334)
Communicable disease prevention	12,223,308	533,564	3,978,542	1,527,403	(6,183,799)	-	(6,183,799)
Water quality and hazardous materials management	1,839,289	352,902	30,583	-	(1,455,804)	-	(1,455,804)
Vector disease control	3,804,382	614,797	20,013	-	(3,169,572)	-	(3,169,572)
Housing and neighborhood health	6,143,281	435,687	1,935,813	-	(3,771,781)	-	(3,771,781)
Consumer and employee risk reduction	1,580,062	1,905,944	-	-	325,882	-	325,882
Interest on long-term debt	2,652,816	-	-	-	(2,652,816)	-	(2,652,816)
Total governmental activities	81,644,720	31,002,923	15,513,792	1,527,403	(33,600,602)	-	(33,600,602)
Business-Type Activities							
Wishard Health Systems	457,457,787	235,271,501	16,646,528	-	-	(205,539,758)	(205,539,758)
LT Care	240,118,586	288,984,754	-	-	-	48,866,168	48,866,168
Total business-type activities	697,576,373	524,256,255	16,646,528	-	-	(156,673,590)	(156,673,590)
Total	\$ 779,221,093	\$ 555,259,178	\$ 32,160,320	\$ 1,527,403	(33,600,602)	(156,673,590)	(190,274,192)
General revenues:							
Property and local option income taxes					97,126,269	-	97,126,269
Excise taxes					6,927,280	-	6,927,280
Financial institution taxes					1,284,278	-	1,284,278
Medicaid special revenue (unrestricted)					87,227,322	-	87,227,322
Unrestricted investment earnings					4,056,678	6,056,195	10,112,873
Transfers (capital contributions to Wishard and LT Care)					(377,910)	377,910	-
Transfers					(144,934,035)	144,934,035	-
Total general revenues and transfers					51,309,882	151,368,140	202,678,022
Change in net assets					17,709,280	(5,305,450)	12,403,830
Net assets - beginning of year					202,394,288	230,704,406	433,098,694
Net assets - end of year					\$ 220,103,568	\$ 225,398,956	\$ 445,502,524

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet - Governmental Funds
December 31, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 147,061,812	\$ 2,950	\$ 64,318,303	\$ 211,383,065
Receivables (net of allowance for uncollectibles)				
Grants	4,920,995	-	-	4,920,995
Taxes	37,226,027	3,731,745	264,167	41,221,939
Other	9,719,858	-	-	9,719,858
Due from other funds	3,633,994	-	-	3,633,994
Prepaid costs and other assets	2,930,004	-	-	2,930,004
	<u>205,492,690</u>	<u>3,734,695</u>	<u>64,582,470</u>	<u>273,809,855</u>
Total assets	<u>\$ 205,492,690</u>	<u>\$ 3,734,695</u>	<u>\$ 64,582,470</u>	<u>\$ 273,809,855</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,503,199	\$ -	\$ -	\$ 5,503,199
Salaries and related benefits	4,271,849	-	-	4,271,849
Deferred revenue	39,670,399	3,731,745	264,167	43,666,311
Due to other funds	1,056,958	3,633,994	82	4,691,034
Asserted and unasserted self-insurance claims	1,877,017	-	-	1,877,017
Total liabilities	<u>52,379,422</u>	<u>7,365,739</u>	<u>264,249</u>	<u>60,009,410</u>
Fund Balances				
Reserved for:				
Prepaid costs and other assets	2,930,004	-	-	2,930,004
Encumbrances	3,338,911	-	-	3,338,911
Unreserved:				
Designated for self insurance	1,877,017	-	-	1,877,017
Undesignated	144,967,336	(3,631,044)	64,318,221	205,654,513
Total fund balances	<u>153,113,268</u>	<u>(3,631,044)</u>	<u>64,318,221</u>	<u>213,800,445</u>
Total liabilities and fund balances	<u>\$ 205,492,690</u>	<u>\$ 3,734,695</u>	<u>\$ 64,582,470</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Net capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds statement	12,144,116
Net pension assets are not financial resources and therefore are not recorded in the funds statement	269,803
Deferred revenues not meeting availability criteria in funds statement are not in the statement of net assets	42,814,849
Bond issuance costs reported in the governmental activities but not reported in the funds statement	331,380
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds statement	<u>(49,257,025)</u>
Net assets of governmental activities	<u>\$ 220,103,568</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 87,109,996	\$ 1,125,355	\$ 101,262	\$ 88,336,613
Licenses and permits	3,700,835	-	-	3,700,835
Intergovernmental	18,820,201	-	-	18,820,201
Charges for services	20,149,821	-	-	20,149,821
Medicaid special revenue	126,524,776	-	-	126,524,776
Interest	3,163,085	7,361	886,232	4,056,678
Miscellaneous	5,470,057	-	-	5,470,057
Total revenues	<u>264,938,771</u>	<u>1,132,716</u>	<u>987,494</u>	<u>267,058,981</u>
Expenditures				
Current:				
Administrative	23,634,548	-	-	23,634,548
Population health	20,115,205	-	-	20,115,205
Environmental health	11,129,481	-	-	11,129,481
Health center program	1,654,880	-	-	1,654,880
Data processing	3,016,941	-	-	3,016,941
Grant programs	16,168,719	-	-	16,168,719
Debt service:				
Principal	218,122	1,740,000	-	1,958,122
Interest and fiscal charges	74,368	2,611,123	-	2,685,491
Total expenditures	<u>76,012,264</u>	<u>4,351,123</u>	<u>-</u>	<u>80,363,387</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>188,926,507</u>	<u>(3,218,407)</u>	<u>987,494</u>	<u>186,695,594</u>
Other Financing Sources (Uses)				
Transfers in	10,000,000	-	20,300,000	30,300,000
Transfers out	<u>(175,611,941)</u>	<u>-</u>	<u>-</u>	<u>(175,611,941)</u>
Total other financing sources and uses	<u>(165,611,941)</u>	<u>-</u>	<u>20,300,000</u>	<u>(145,311,941)</u>
Net change in fund balances	23,314,566	(3,218,407)	21,287,494	41,383,653
Fund balances - beginning of year	<u>129,798,702</u>	<u>(412,637)</u>	<u>43,030,727</u>	<u>172,416,792</u>
Fund balances - end of year	<u>\$ 153,113,268</u>	<u>\$ (3,631,044)</u>	<u>\$ 64,318,221</u>	<u>\$ 213,800,445</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 41,383,653
Depreciation expense reported in the statement of activities but not in the funds statement	(1,981,937)
Capital expenditures reported in the funds statement but reported as additions to capital assets in the statement of net assets	776,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statement	15,907,529
Medicaid special revenue deferred in prior year governmental funds statement and subsequently recognized in current year	(38,342,578)
Bond and note principal payments reported as expenditures in the funds statement but as reductions of long-term liabilities in the statement of net assets	1,958,122
Increase in compensated absences not in the funds statement	(347,554)
Amortization of bond issuance costs reported in the statement of activities but not in the funds statement as there is no cash flow	(31,111)
Amortization of deferred bond premium and deferred loss on refunding reported in the statement of activities but not in the funds statement	(111,160)
Asserted and unasserted self-insurance claims not in the funds statement as they have not matured	(1,554,569)
Increase in net pension asset not in the funds statement	<u>51,886</u>
Change in net assets of governmental activities	<u><u>\$ 17,709,280</u></u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets - Proprietary Funds
December 31, 2008

Assets	Wishard Health		Total
	Services	LT Care	
Current Assets:			
Cash and cash equivalents	\$ 42,146,915	\$ 36,742,743	\$ 78,889,658
Investments	4,659,862	-	4,659,862
Receivables (net of allowance for uncollectibles):			
Patient services	44,727,997	16,423,449	61,151,446
Medicaid special revenue	-	8,943,835	8,943,835
Grants	3,358,209	-	3,358,209
Interest	33,725	-	33,725
Other	8,748,976	-	8,748,976
Inventories	4,734,664	-	4,734,664
Due from other funds	1,056,958	-	1,056,958
Prepaid costs and other assets	3,433,666	3,233,323	6,666,989
Total current assets	112,900,972	65,343,350	178,244,322
Noncurrent assets:			
Restricted cash and cash equivalents	732,481	-	732,481
Net pension asset	1,037,431	-	1,037,431
Lease acquisition cost (net of accumulated amortization)	-	9,808,845	9,808,845
Joint venture investments	11,441,884	-	11,441,884
Other long-term assets	-	7,289,106	7,289,106
Capital assets (net of accumulated depreciation)			
Land	1,189,877	-	1,189,877
Land improvements	1,103,504	943,644	2,047,148
Building and improvements	101,374,079	160,897,103	262,271,182
Equipment	32,674,250	6,987,222	39,661,472
Vehicles	1,287,709	40,754	1,328,463
Construction in progress	7,600,280	-	7,600,280
Total capital assets (net accumulated depreciation)	145,229,699	168,868,723	314,098,422
Total noncurrent assets	158,441,495	185,966,674	344,408,169
Total assets	271,342,467	251,310,024	522,652,491
Liabilities			
Current liabilities:			
Accounts payable	24,742,868	12,157,433	36,900,301
Accrued liabilities	16,554,163	7,515,553	24,069,716
Capital lease obligation - current	-	8,008,691	8,008,691
Estimated Medicare/Medicaid settlements	3,156,996	-	3,156,996
Deferred revenue	4,109,272	-	4,109,272
Medical claims incurred but not reported	4,771,474	-	4,771,474
Risk-shared payable	2,576,032	-	2,576,032
Accrued compensated absences - current	16,560,584	-	16,560,584
Asserted and unasserted self-insurance claims - current	2,186,998	6,860,245	9,047,243
Total current liabilities	74,658,387	34,541,922	109,200,309
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	4,818,450	-	4,818,450
Accrued compensated absences	2,062,298	-	2,062,298
Capital lease payable	-	181,172,478	181,172,478
Total noncurrent liabilities	6,880,748	181,172,478	188,053,226
Total liabilities	81,539,135	215,714,400	297,253,535
Net Assets			
Invested in capital assets, net of related debt	145,229,699	(20,312,446)	124,917,253
Restricted for health services	732,481	-	732,481
Unrestricted	43,841,152	55,908,070	99,749,222
Total net assets	\$ 189,803,332	\$ 35,595,624	\$ 225,398,956

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Funds
For the Year Ended December 31, 2008

	Wishard Health		Total
	Services	LT Care	
Operating revenues:			
Net patient service revenue	\$ 222,636,385	\$ 236,436,768	\$ 459,073,153
Medicaid special revenue	-	51,423,940	51,423,940
Other revenue	12,635,116	1,124,046	13,759,162
Total operating revenues	<u>235,271,501</u>	<u>288,984,754</u>	<u>524,256,255</u>
Operating expenses:			
Salaries	190,030,588	-	190,030,588
Employee benefits	48,845,569	-	48,845,569
Contract labor	3,254,216	131,439,279	134,693,495
Medical and professional fees	64,205,854	5,122,133	69,327,987
Purchased services	38,126,674	16,344,253	54,470,927
Supplies	44,849,780	25,659,373	70,509,153
Pharmaceuticals	36,596,619	-	36,596,619
Repairs and maintenance	4,618,505	1,702,972	6,321,477
Utilities	5,520,030	5,461,840	10,981,870
Equipment rental	1,777,155	1,507,233	3,284,388
Depreciation and amortization	17,029,176	19,337,822	36,366,998
Other	2,603,621	14,238,728	16,842,349
Total operating expenses	<u>457,457,787</u>	<u>220,813,633</u>	<u>678,271,420</u>
Operating income (loss)	<u>(222,186,286)</u>	<u>68,171,121</u>	<u>(154,015,165)</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	16,646,528	-	16,646,528
Investment income	5,875,483	180,712	6,056,195
Interest expense	-	(19,304,953)	(19,304,953)
Total nonoperating revenue (expense)	<u>22,522,011</u>	<u>(19,124,241)</u>	<u>3,397,770</u>
Income (loss) before capital contributions and transfers	(199,664,275)	49,046,880	(150,617,395)
Capital contributions	377,910	-	377,910
Transfers - Capital Projects Fund	-	(20,300,000)	(20,300,000)
Transfers - General Fund	175,234,035	(10,000,000)	165,234,035
Changes in net assets	(24,052,330)	18,746,880	(5,305,450)
Total net assets at beginning of year	<u>213,855,662</u>	<u>16,848,744</u>	<u>230,704,406</u>
Total net assets at end of the year	<u>\$ 189,803,332</u>	<u>\$ 35,595,624</u>	<u>\$ 225,398,956</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2008

	Wishard Health		Total
	Services	LT Care	
Cash Flows From Operating Activities			
Receipts from patient services	\$ 215,612,509	\$ 233,256,825	\$ 448,869,334
Receipts from other operations	7,518,903	1,306,169	8,825,072
Medicaid special revenue	-	42,480,105	42,480,105
Payments to suppliers	(197,668,012)	(43,147,941)	(240,815,953)
Payments to employees	(238,842,039)	(151,532,792)	(390,374,831)
Net cash provided by (used in) operating activities	<u>(213,378,639)</u>	<u>82,362,366</u>	<u>(131,016,273)</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	17,441,410	-	17,441,410
Transfers (to) from the Capital Projects Fund	-	(20,300,000)	(20,300,000)
Transfers (to) from the General Fund	175,234,035	(10,000,000)	165,234,035
Net cash provided by (used in) noncapital financing activities	<u>192,675,445</u>	<u>(30,300,000)</u>	<u>162,375,445</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(11,724,718)	(8,208,353)	(19,933,071)
Proceeds from sale of capital assets	70,413	-	70,413
Deposits paid	-	(1,691,500)	(1,691,500)
Lease acquisition cost payments	-	(758,000)	(758,000)
Payment of capital lease obligations	-	(6,963,718)	(6,963,718)
Net change in borrowings	-	11,571	11,571
Interest expense payments	-	(19,304,953)	(19,304,953)
Net cash used in capital and related financing activities	<u>(11,654,305)</u>	<u>(36,914,953)</u>	<u>(48,569,258)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,172,714	-	3,172,714
Purchases of investments	(3,018,328)	-	(3,018,328)
Interest and dividends received	931,931	180,712	1,112,643
Net cash provided by investing activities	<u>1,086,317</u>	<u>180,712</u>	<u>1,267,029</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(31,271,182)	15,328,125	(15,943,057)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, January 1	<u>74,150,578</u>	<u>21,414,618</u>	<u>95,565,196</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, December 31	<u>\$ 42,879,396</u>	<u>\$ 36,742,743</u>	<u>\$ 79,622,139</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (222,186,286)	\$ 68,171,121	\$ (154,015,165)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	17,029,176	19,337,822	36,366,998
Changes in operating assets and liabilities:			
Patient service receivables	(4,614,359)	(334,223)	(4,948,582)
Other receivables	892,469	(8,943,835)	(8,051,366)
Inventories	(114,306)	-	(114,306)
Prepaid costs and other assets	(915,705)	(243,745)	(1,159,450)
Net pension asset	(272,401)	-	(272,401)
Accounts payable	(245,194)	7,354,956	7,109,762
Accrued liabilities and compensation absences	741,390	(5,284,672)	(4,543,282)
Estimated Medicare/Medicaid settlements	(1,394,278)	-	(1,394,278)
Asserted and unasserted self-insurance claims	(2,270,521)	2,304,942	34,421
Risk share payable	(1,820,098)	-	(1,820,098)
Medical claims incurred but not reported	1,791,474	-	1,791,474
Total adjustments	<u>8,807,647</u>	<u>14,191,245</u>	<u>22,998,892</u>
Net cash provided by (used in) operating activities	<u>\$ (213,378,639)</u>	<u>\$ 82,362,366</u>	<u>\$ (131,016,273)</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets from governmental activities	\$ 377,906	\$ -	\$ 377,906
Purchase of assets held under capital lease	-	4,431,965	4,431,965
Unrealized gain on investment, net	208,556	-	208,556

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Financial Reporting Entity

The Health and Hospital Corporation of Marion County, Indiana (Corporation) was created under Chapter 287 of the Acts of 1951 enacted by the General Assembly of the State of Indiana. The Corporation is a municipal corporation and a political subdivision of the State of Indiana under Indiana Code §16-22-8-6, §6-1.1-1-12, and §36-1-2-23.

The Corporation's duties include the administration of the Divisions of Public Health and Public Hospitals. The Division of Public Health does business as the Marion County Health Department (MCHD), and the Division of Public Hospitals does business as Wishard Health Services (Wishard). The Corporation operates three service divisions: Wishard, MCHD and a Long-Term Care (LT Care) operation.

Wishard comprises Wishard Memorial Hospital, a general acute care facility with 340 staffed beds; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard Emergency Trauma Service, Wishard Ambulance Service, and the Richard M. Fairbanks Burn Center. Lockefield Village, a long-term care facility, offers an Alzheimer's unit, traditional long-term care, medically complex services and an acute rehabilitation unit. For purposes of financial reporting, Wishard is accounted for as a separate enterprise fund.

The MCHD operates two service bureaus, which provide preventive and diagnostic health programs, health education, immunization and epidemiological programs, environmental health regulation, and code enforcement. It is accounted for using governmental funds.

The Corporation operates 29 long-term care facilities through capital leases. The homes are operated as part of the LT Care operations. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. The Corporation contracted with a management company named American Senior Communities, LLC (ASC) to operate the facilities as further detailed later in these notes. Wishard also contracts with ASC to provide management services for Lockefield Village. Lockefield Village continues to be reported within Wishard. For purposes of financial reporting, LT Care is accounted for as a separate enterprise fund.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov). Accordingly, the financial statements of the Corporation are required to be included in the comprehensive annual financial report of Uni-Gov.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

The Corporation is governed by a seven-member board of trustees, appointed by the Mayor of Indianapolis (3), Commissioners of Marion County (2), and City-County Council (2). Of those members appointed by the City-County Council, one serves a two-year term, and one serves a four-year term. All other appointments serve a term of four years. The board of trustees is bi-partisan by statute. The Corporation is responsible for all of its fiscal matters including budget (subject to the final authority of the State of Indiana Department of Local Government Finance (DLGF), operating deficits and debt. The Corporation's executive and legislative powers include the power to levy taxes and incur debt. The Corporation's ordinances have the effect of local law governing health matters.

Component Unit

During 2006, the Corporation established a nonprofit entity, Lions Insurance Company, Inc. (Lions), which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. Lions is considered a blended component unit and is therefore reported as if it is a part of the LT Care Enterprise Fund because its primary purpose is to provide services solely to the LT Care Enterprise Fund. Complete financial statements for Lions may be obtained from Health and Hospital Corporation at 3838 N. Rural Street, Indianapolis, Indiana 46205.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Corporation. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Corporation has determined that all governmental funds are considered major funds. The total fund balances for all governmental funds are reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balances for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements. As mentioned previously, the Corporation has two enterprise funds (business-type activities), Wishard and LT Care, which are also considered major funds.

The fund financial statements of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by fund type in the basic financial statements. The following fund types are used by the Corporation:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the Corporation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the Corporation's major governmental funds:

The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, including grants, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Debt service requirements are generally funded from property tax revenues or other operating revenues.

The Capital Projects Fund is used to account for resources designated to construct or acquire major capital facilities. Such resources are derived principally from general obligation bonds and ad valorem taxes.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector.

As mentioned previously, the Corporation has two enterprise funds: (1) The Wishard Health Services Enterprise Fund, which accounts for the activities of Wishard and (2) the LT Care Enterprise Fund, which accounts for the activities of the 29 leased long-term care facilities that receive no funding from ad valorem taxes. An enterprise fund is used to account for operations that are financed and operated in a similar manner to a private business - where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Certain administrative expenses of Wishard and LT Care are accounted for by the General Fund. Because the capital outlay for Wishard is funded through ad valorem taxes, long-term debt interest expense relating to Wishard is accounted for by the Debt Service Fund and is not allocated to the Wishard Health Services Enterprise Fund. Only debt intended to be repaid by operations of Wishard are included in the Wishard Enterprise Fund. At December 31, 2008, no such debt existed. At December 31, 2008, the LT Care Enterprise Fund had capital leases, which are to be repaid from revenues from operations, and are therefore shown as long-term debt in the LT Care Enterprise Fund.

In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Corporation follows all applicable GASB pronouncements. In addition, the Authority follows all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year the levy and tax rates are certified. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for the governmental fund type and the accrual basis of accounting for the proprietary fund type.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, the Corporation considers revenue to be available if they are collected within 120 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, Medicaid special revenue and interest. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, (GASB 33), groups non-exchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

In the governmental fund statements, the Corporation recognizes assets from derived tax revenue transactions in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred in the fund financial statement. Resources received in advance are reported as deferred revenues until the period of the exchange in both the government-wide and fund financial statements.

The Corporation recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The Corporation recognizes revenues from property taxes, net of estimated refunds and uncollectible amounts, in the period for which the tax levy and rates are certified. Imposed non-exchange revenues also include permits.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2008

Under the accrual basis of accounting for proprietary fund types, revenues are recognized in the period earned and expenses are recognized in the period incurred. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments, when patient services are performed. Wishard and LT Care provide services under the Medicare and Medicaid programs for which they may be reimbursed at amounts different from the standard billing rates. Amounts reimbursed or estimated to be reimbursed by these programs are generally determined in accordance with a prospective price-per-case payment system or under the provisions of cost-reimbursement formulas. In addition, Wishard and LT Care provide services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies.

The differences between standard billing rates and the amount reimbursed or estimated to be reimbursed by Medicare, Medicaid, and other contractual payors are included in the financial statements as contractual adjustments. Patient accounts receivable for services provided under contractual arrangements are also adjusted to reflect these differences.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All transactions deemed by management to be ongoing, major, or central to the provision of healthcare services for Wishard and LT Care are considered to be operating activities and are reported as operating revenue and operating expenses. Intergovernmental revenues, investment income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses. Other changes in net assets that are excluded from operating income (loss) principally consist of contributions of capital assets funded by governmental activities, grantors and donors.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

The Corporation's cash and cash equivalents (including those that are restricted) are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of purchase.

Investments for the Corporation are reported at fair value. The Corporation also invests in an external investment pool held by the State of Indiana. The Corporation also reports its share of the underlying portfolio for this pool at fair value.

Receivables and Payables

In the fund financial statements, all outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All receivables are shown net of an allowance, if any, for uncollectible balances.

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Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such governmental funds are immaterial. For the enterprise fund type, pharmaceutical inventories of the Wishard Fund are determined by physical count of items on hand and are priced at weighted-average cost or at fair value, whichever is less. Inventory in the LT Care Fund is immaterial.

Prepaid Costs and Other Assets

Prepaid costs and other assets for the governmental funds include prepaid insurance, a refundable advance to MDwise, Inc. (MDwise) (a not-for-profit health maintenance organization) as a means to reduce administrative fees and other miscellaneous assets. Prepaid costs and other assets of the proprietary fund consist of prepaid insurance, prepaid service contracts, prepaid rent and other miscellaneous assets.

Restricted Assets

Donor-restricted assets are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of unrestricted assets on which donors or grantors place no restriction or that arise as a result of the operations of the Corporation for its stated purposes. Donor-restricted assets represent contributions to provide specific healthcare services.

Capital Assets

Capital assets, which include buildings, improvements, equipment, and vehicles are reported in the applicable governmental or business-type activities column in the government-wide financial statements and within the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the estimated useful life of the asset are not capitalized.

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Assets held under capital leases and leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

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Estimated useful lives used to compute depreciation are as follows:

	Years
Building and improvements	10 - 50
Equipment	5 - 20
Vehicles	4

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types.

Other Long-Term Assets

Other long-term assets consist of deposits made related to the leasing of nursing homes. The deposits will be returned in full if the leased buildings are returned in an acceptable condition by the holder of the deposit at the end of the leases in 2013, 2016 and 2017.

Deferred and Unearned Revenue

Deferred revenue is recorded in the governmental fund financial statements for receivables that are not considered either measurable or available at December 31, 2008 or when the related revenues have not been earned for enterprise fund activities. Deferred revenue for governmental funds in the fund statements is recognized as revenue when it is earned and considered measurable and available.

Unearned revenue is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements or other reasons.

Risk Share Payable

Risk share payable relates to undistributed profits that are due to other providers who participate in Wishard's network as part of the risk-based Medicaid program.

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Accrued Compensated Absences

Corporation employees are paid for vacation and other absences by prescribed formulas based primarily on length of service and staff classification. In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and other absences are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A liability for the cost of accumulated earned but unused vacation and other absences is recognized in the government-wide statements and in the statement of net assets of the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and any deferred losses on refundings. Bond issuance costs are reported and amortized over the term of the related debt. Deferred losses on refundings are amortized as a component of interest expense over the remaining life of the old bonds or the remaining life of the refunding bonds, whichever is shorter, using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt are reported as other financing uses while issuance costs, whether or not withheld from the actual debt proceeds received, and repayments of principal and interest are reported as debt service expenditures.

Lease Acquisition Costs

The Corporation allocates the purchase price of properties acquired under capital leases to net tangible and identified intangible assets based on their respective fair values. The allocation to tangible assets (primarily equipment) is based upon management's determination of the value of the property. The remaining purchase price is allocated to lease acquisition costs. These costs are amortized over the life of the related lease.

Interfund Transactions

In the fund financial statements, the Corporation has the following types of transactions among funds:

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

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Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the Wishard Health Services Enterprise Fund. The enterprise fund reports these transactions as capital contributions; however, the General or Capital Project Funds do not report the event because there has been no flow of current financial resources for the governmental fund statements other than the expenditures incurred during the year on capital outlay. In the government-wide statement of activities, both sides of the capital asset transfer are reported as transfers.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the Corporation.

Within the statement of activities, direct expenses are not eliminated from the various functional categories. Indirect expenses are eliminated from the various functional categories.

Certain internal payments are treated as a reduction of expense, such as reimbursements. Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Governmental activities debt related to business-type activities are not recorded in this category; rather, this debt is included in unrestricted net assets.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the Corporation not restricted for any project or other purpose.

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In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the board of trustees and management, and can be increased, reduced, or eliminated by similar actions. As of December 31, 2008, reserves of fund balance are described below:

- *Prepaid Costs and Other Assets* - to reflect the portion of assets, which do not represent available spendable resources.
- *Encumbrances* - to reflect the outstanding contractual obligations for which goods and services have not been received.

As of December 31, 2008, designations of fund balance are described below:

- *Self-Insurance* - to reflect the board of trustee's tentative plans to set aside this portion of fund balance for health self-insurance plans. This designation is subject to change.
- *Bond Retirement* - to reflect the board of trustee's tentative plans to set aside this portion of fund balance for bond retirement. This designation is subject to change.

Indigent Care Services

Under Indiana Code (§16-22-8-39), the services provided by Wishard are for the benefit of the residents of Marion County, Indiana and for every person falling sick or being injured or maimed within its limits, regardless of their ability to pay for such services. Certain services to patients are classified as indigent care based on established policies of Wishard. Because Wishard does not expect amounts determined to qualify as indigent care to result in cash collections, they are not reported as net patient service revenue.

Wishard maintains records to identify and monitor the level of indigent care it provides. These records include the amount of charges forgone for services and supplies furnished under its indigent care policy.

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Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as amounts are no longer subject to such audits and reviews.

Change in Accounting Principle

Prior to January 1, 2008, the Corporation adopted the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Upon adoption, the Corporation elected to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with or contradict GASB pronouncements within the business-type activities of the government-wide and proprietary fund financial statements.

Effective January 1, 2008, the Corporation has reversed its election under GASB Statement No. 20 and, accordingly, no longer applies FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or after November 30, 1989. Management believes this election is a preferable application of this standard, given the future potential for significant divergence among standard-setting bodies in the development of authoritative literature affecting proprietary funds. This change had no impact on the Corporation's net assets, changes in net assets or financial reporting disclosures.

Note 2: Deposits and Investments

As of December 31, 2008, the Corporation had the following cash deposits and investments:

Cash deposits	\$ 199,549,931
Repurchase agreements	69,659,715
State external investment pool	12,081,963
U.S. Government obligations	939,233
U.S. Government agency obligations	3,607,621
Money market mutual funds	9,826,603
	<hr/>
	<u>\$ 295,665,066</u>

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Deposits and investment securities included in the schedule of net assets are classified as follows:

	2008
Carrying value	
Deposits	\$ 199,549,931
Investments	96,115,135
	\$ 295,665,066
Cash and cash equivalents	
Current - unrestricted	\$ 290,272,723
Current - restricted	732,481
	291,005,204
Investments	4,659,862
	\$ 295,665,066

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

The financial institutions holding the Corporation's cash accounts is participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under that program, through December 31, 2009, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000 for all interest-bearing accounts. The increase in federally insured limits is currently set to expire December 31, 2013.

Any cash deposits in excess of the \$250,000 FDIC limits are insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes authorize the Corporation to invest in United States obligations and issued of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit and open-end money market mutual funds. As of December 31, 2008, the Corporation had the following investments and maturities.

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As of December 31, 2008, the Corporation had the following investments and maturities:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 69,659,715	\$ 69,659,715	\$ -	\$ -	\$ -
State external investment pool	12,081,963	12,081,963	-	-	-
U.S. Government obligations	939,233	-	-	939,233	-
U.S. Government Agency obligations	3,607,621	147,311	1,955,950	1,231,265	273,095
Money market mutual funds	9,826,603	9,826,603	-	-	-
	<u>\$ 96,115,135</u>	<u>\$ 91,715,592</u>	<u>\$ 1,955,950</u>	<u>\$ 2,170,498</u>	<u>\$ 273,095</u>

The state external investment pool is an investment pool created and subject to regulatory oversight pursuant to Indiana Code, Section 5-13-9-11. Portfolio securities in this pool are valued at amortized cost, which approximates market value. The amortized cost valuation method involves initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation is limited to investing in securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Corporation's investment policy for interest rate risk requires investments to be invested in a prudent manner to achieve maximum yield return available from approved government obligations with due regard to the specific purpose for which the funds are intended and needed.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana Code Section 5-13-9-2.5 requires that if the Authority invests in money market mutual funds that the underlying securities be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

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At December 31, 2008, the Corporation's investments were rated by Standard & Poor's as follows:

	Fair Value	AAA	AA	A	Not Rated
Repurchase agreements	\$ 69,659,715	\$ 69,659,715	\$ -	\$ -	\$ -
State external investment pool	12,081,963	-	-	-	12,081,963
U.S. Government obligations	939,233	939,233	-	-	-
U.S. Government Agency obligations	3,607,621	3,607,621	-	-	-
Money market mutual funds	9,826,603	9,826,603	-	-	-
	<u>\$ 96,115,135</u>	<u>\$ 84,033,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,081,963</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral that are in the possession of an outside party. At December 31, 2008, all of the Corporation's investments in overnight repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent in the Corporation's name. The Corporation's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2008, as their existence is not evidenced by securities that exist in physical book entry form. The Corporation's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2008, the Corporation's investments in overnight repurchase agreements of JPMorgan Chase, National City Bank and National Bank of Indianapolis constituted 28%, 24%, and 12%, respectively, of its total investments.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Corporation's investment policy prohibits investments in foreign investments.

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Investment Income

Investment income for the year ended December 31, 2008 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 4,056,678	\$ 5,847,639
Unrealized gain on investments, net	-	208,556
	\$ 4,056,678	\$ 6,056,195

Note 3: Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana (Marion County Treasurer). These taxes are then distributed by the Auditor of Marion County, Indiana (Marion County Auditor) to the Corporation and the other governmental entities by June 30 and December 31 of each year. The Corporation and the other governmental entities can request advances of their portion of the collected taxes from the Marion County Treasurer once the levy and tax rates are certified by the DLGF. The DLGF typically certifies the levy on or before February 15 of the year following the property tax assessment.

The assessment (or lien) date for Indiana property taxes is March 1 of each year; however, the Corporation does not recognize a receivable on the assessment date since the amount of property taxes to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Typically, property tax bills are mailed in April and October of each year and are due and payable by the property owners in May (spring) and November (fall), respectively. Property tax billings are considered delinquent if they are not paid by the respective due date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Appeals may be filed within 45 days following the date the bills are mailed.

During 2007, the Governor of Indiana ordered a reassessment of property values in Marion County. The 2006 assessment (payable in 2007) involved a new methodology that resulted in significant increases in homeowner assessments, while it appeared that business assessments had been undervalued. As a result of the reassessment, homeowners were initially instructed to pay one-half of their 2006 annual tax bill in November 2007, as representative of their spring 2007 installment. Since the reassessment process was not completed until the spring of 2008, homeowners were therefore directed to pay one-half of their 2006 bill for the fall 2007 installment as well. Final bills relating to the reassessment were sent out in June of 2008 and the final distribution of 2006 property taxes (payable in 2007) occurred in August 2008.

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Due to the delays necessitated by the reassessment process, the spring installment for the 2007 property tax assessment (payable in 2008) was billed in December 2008 and is due in January 2009. The fall installment (2007 taxes payable 2008) was not mailed until June 2009 and is due in July 2009. For the 2007 property tax assessment (payable in 2008), taxable property was assessed as of March 1, 2007, at 100% of the market value of the property at January 1, 2006. The DLGF certified the 2007 tax levy and rates in October 2008. However, advance distributions of property taxes were made to the Corporation during 2008 using 2007 rates.

Property tax bills relating to the 2008 tax assessment (payable in 2009) are expected to be issued in October 2009 and payable in November 2009 and February 2010. The DLGF has yet to certify the 2008 tax levy and rates (payable in 2009).

The Corporation allocates property tax revenues, as considered necessary, to fund public health programs and provide care for the indigent.

Note 4: Patient Services Receivables

Net patient services receivables consist of the following as of December 31, 2008:

	Wishard	LT Care	Total
Gross patient services receivables	\$ 242,578,355	\$ 18,652,050	\$ 261,230,405
Allowance for estimated contractual adjustment	(102,210,649)	(247,634)	(102,458,283)
Allowance for uncollectible accounts	<u>(95,639,709)</u>	<u>(1,980,967)</u>	<u>(97,620,676)</u>
Net Patient services receivables	<u>\$ 44,727,997</u>	<u>\$ 16,423,449</u>	<u>\$ 61,151,446</u>

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2008 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 3,633,994
Enterprise Fund - Wishard	General Fund	1,056,958

These interfund balances are due to timing differences, the elimination of negative cash balances within the various funds, or amounts related to pass-through grant activity. The interfund balances are expected to be repaid during the fiscal year ending December 31, 2009.

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Interfund transfers for the year ended December 31, 2008 on the fund statements consisted of the following:

	Transfer From (to) General Fund	Transfer From (to) Capital Projects Fund	Total
Transfer to:			
Enterprise Fund - Wishard Health Services	\$ 175,234,035	\$ -	\$ 175,234,035
Enterprise Fund - Wishard Health Service - capital transfer	<u>377,906</u>	<u>-</u>	<u>377,906</u>
	<u>\$ 175,611,941</u>	<u>\$ -</u>	<u>\$ 175,611,941</u>
Transfer from:			
Enterprise Fund - LT Care	<u>\$ (10,000,000)</u>	<u>\$ (20,300,000)</u>	<u>\$ (30,300,000)</u>

Interfund transfers were used for the following: 1) to move revenues from the funds that are required by ordinance or budget to collect them to the funds that will ultimately expend them, 2) to cover deficits of other funds, or 3) to transfer capital assets from the funds that paid for them to the funds that will ultimately use them. For the government-wide statements, capital contributions received by the Wishard Health Services Fund from other funds are reported as transfers; however, for the fund statements, this transfer is shown as a capital contribution in the Wishard Enterprise Fund as it represents the actual transfer of capital assets.

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Note 6: Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	\$ 30,953,375	\$ -
Other taxes receivable	1,104,867	-
Grant draw-downs prior to meeting all eligibility requirements	-	851,462
Grant reimbursements not received within 120 days	401,582	-
Other revenues not received within 120 days	6,359,113	-
Total General Fund	38,818,937	851,462
Property taxes receivable	3,714,897	-
Other taxes receivable	16,848	-
Total Debt Service Fund	3,731,745	-
Property taxes receivable	262,228	-
Other taxes receivable	1,939	-
Total Capital Projects Fund	264,167	-
Total	\$ 42,814,849	\$ 851,462

In addition, the Wishard Health Services Fund had \$2,981,075 of unearned revenue recorded at December 31, 2008 related to advances received on federal grants, which had not met eligibility requirements and \$1,128,197 related to the Healthy Indiana Plan.

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Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,782,995	\$ 43,712	\$ -	\$ 1,826,707
Construction in progress	-	196,288	-	196,288
Total capital assets not being depreciated	<u>1,782,995</u>	<u>240,000</u>	<u>-</u>	<u>2,022,995</u>
Capital assets being depreciated:				
Buildings and improvements	15,959,035	8,441	(144,492)	15,779,272
Equipment	14,464,335	494,750	(199,659)	14,759,426
Vehicles	4,326,451	46,584	-	4,373,035
Total capital assets being depreciated	<u>34,749,821</u>	<u>549,775</u>	<u>(344,151)</u>	<u>34,911,733</u>
Less accumulated depreciation for:				
Buildings and improvements	7,734,355	745,935	(40,000)	8,428,669
Equipment	11,845,593	908,640	(199,659)	12,554,574
Vehicles	3,480,007	327,362	-	3,807,369
Total accumulated depreciation	<u>23,059,955</u>	<u>1,981,937</u>	<u>(239,659)</u>	<u>24,790,612</u>
Total capital assets being depreciated, net	<u>11,689,866</u>	<u>(1,432,162)</u>	<u>(104,492)</u>	<u>10,121,121</u>
Governmental activities capital assets, net	<u>\$ 13,472,861</u>	<u>\$ (1,192,162)</u>	<u>\$ (104,492)</u>	<u>\$ 12,144,116</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ -	\$ -	\$ 1,189,877
Construction in progress	14,298,179	8,897,971	(15,595,870)	7,600,280
Total capital assets not being depreciated	<u>15,488,056</u>	<u>8,897,971</u>	<u>(15,595,870)</u>	<u>8,790,157</u>
Capital assets being depreciated:				
Land improvements	6,207,583	304,068	-	6,511,651
Buildings and improvements	457,269,931	12,070,680	-	469,340,611
Equipment	140,905,351	17,863,711	(219,816)	158,549,246
Vehicles	5,370,240	1,228,731	(237,831)	6,361,140
Total capital assets being depreciated	<u>609,753,105</u>	<u>31,467,190</u>	<u>(457,647)</u>	<u>640,762,648</u>
Less accumulated depreciation for:				
Land improvements	4,151,916	312,587	-	4,464,503
Buildings and improvements	182,457,594	24,611,835	-	207,069,429
Equipment	108,776,904	10,305,333	(194,463)	118,887,774
Vehicles	4,652,057	547,038	(166,418)	5,032,677
Total accumulated depreciation	<u>300,038,471</u>	<u>35,776,793</u>	<u>(360,881)</u>	<u>335,454,383</u>
Total capital assets being depreciated, net	<u>309,714,634</u>	<u>(4,309,603)</u>	<u>(96,766)</u>	<u>305,308,265</u>
Business-type activities capital assets, net	<u>\$ 325,202,690</u>	<u>\$ 4,588,368</u>	<u>\$ (15,692,636)</u>	<u>\$ 314,098,422</u>

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The following is a summary of changes in capital assets - Wishard enterprise fund for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ -	\$ -	\$ 1,189,877
Construction in progress	13,533,067	8,897,971	(14,830,758)	7,600,280
Total capital assets not being depreciated	<u>14,722,944</u>	<u>8,897,971</u>	<u>(14,830,758)</u>	<u>8,790,157</u>
Capital assets being depreciated:				
Land improvements	5,354,329	8,457	-	5,362,786
Buildings and improvements	241,116,229	2,041,149	-	243,157,378
Equipment	125,028,662	14,804,935	(219,816)	139,613,781
Vehicles	5,232,036	1,207,227	(237,831)	6,201,432
Total capital assets being depreciated	<u>376,731,256</u>	<u>18,061,768</u>	<u>(457,647)</u>	<u>394,335,377</u>
Less accumulated depreciation for:				
Land improvements	4,039,652	219,630	-	4,259,282
Buildings and improvements	133,286,238	8,497,061	-	141,783,299
Equipment	99,350,122	7,783,872	(194,463)	106,939,531
Vehicles	4,551,528	528,613	(166,418)	4,913,723
Total accumulated depreciation	<u>241,227,540</u>	<u>17,029,176</u>	<u>(360,881)</u>	<u>257,895,835</u>
Total capital assets being depreciated, net	<u>135,503,716</u>	<u>1,032,592</u>	<u>(96,766)</u>	<u>136,439,542</u>
Business-type activities capital assets, net	<u>\$ 150,226,660</u>	<u>\$ 9,930,563</u>	<u>\$ (14,927,524)</u>	<u>\$ 145,229,699</u>

The following is a summary of changes in capital assets - LT Care enterprise fund for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 765,112	\$ -	\$ (765,112)	\$ -
Total capital assets not being depreciated	<u>765,112</u>	<u>-</u>	<u>(765,112)</u>	<u>-</u>
Capital assets being depreciated:				
Land improvements	853,254	295,611	-	1,148,865
Buildings and improvements	216,153,702	10,029,531	-	226,183,233
Equipment	15,876,689	3,058,776	-	18,935,465
Vehicles	138,204	21,504	-	159,708
Total capital assets being depreciated	<u>233,021,849</u>	<u>13,405,422</u>	<u>-</u>	<u>246,427,271</u>
Less accumulated depreciation for:				
Land improvements	112,264	92,957	-	205,221
Buildings and improvements	49,171,356	16,114,774	-	65,286,130
Equipment	9,426,782	2,521,461	-	11,948,243
Vehicles	100,529	18,425	-	118,954
Total accumulated depreciation	<u>58,810,931</u>	<u>18,747,617</u>	<u>-</u>	<u>77,558,548</u>
Total capital assets being depreciated, net	<u>174,210,918</u>	<u>(5,342,195)</u>	<u>-</u>	<u>168,868,723</u>
Business-type activities capital assets, net	<u>\$ 174,976,030</u>	<u>\$ (5,342,195)</u>	<u>\$ (765,112)</u>	<u>\$ 168,868,723</u>

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Within the statement of activities, depreciation expense is charged to functions of the Corporation as follows:

Governmental Activities:

Administration and finance	\$ 1,085,743
Health improvements	426,166
Communicable disease prevention	126,716
Water quality and hazardous material management	26,779
Vector disease control	280,876
Housing and neighborhood health	33,026
Consumer and employee risk reduction	<u>2,631</u>
Total depreciation expense, governmental activities	<u><u>\$ 1,981,937</u></u>

Business-Type Activities:

Wishard	\$ 17,029,176
LT Care	<u>18,747,617</u>
Total depreciation expense, business-type activities	<u><u>\$ 35,776,793</u></u>

In addition, the LT Care Fund recognized \$590,198 of amortization expense related to lease acquisition costs, which is included in depreciation and amortization expense.

Note 8: Estimated Medicare and Medicaid Settlements and Net Patient Service Revenue

Estimated Medicare and Medicaid settlements reflect differences between interim reimbursement and reimbursement as determined by cost reports filed or to be filed with federal and state governments after the end of each year. In addition, such settlement amounts reflect, if applicable, any differences determined to be owed to or from Wishard after an audit of such reports. Changes to any previous years' estimated settlements are reflected in the period such changes are identified. At December 31, 2008, Wishard's Medicare and Medicaid cost reports have been audited by the fiscal intermediaries through December 31, 2006. In 2008, Wishard recognized approximately \$960,000 of favorable settlements related to audits or finalization of audit appeals by the fiscal intermediaries of prior year cost reports.

Wishard and LT Care have agreements with third-party payors that provide for payments to Wishard and LT Care at amounts different from their established rates. Estimated contractual adjustments under third-party reimbursement programs represent the differences between billings at established rates and amounts reimbursed by third-party payors. Estimated contractual adjustments also include any differences between estimated third-party reimbursement settlements for prior year services under third-party payor agreements and subsequent final settlements. A summary of the payment arrangements with major third-party payors follows.

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Medicare

Under the Medicare program, Wishard receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group. When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. Outpatient services provided to Medicare patients are reimbursed to Wishard based on service groups called ambulatory payment classifications. During 2008, inpatient psychiatric services began its third year of a 3-year transition from cost reimbursement to a PPS.

Under the Medicare program, LT Care primarily receives reimbursement for services provided at its skilled nursing facilities (SNF) under PPS on a per diem basis based on the resident's health at admission (RUG Rate). Medicare reimburses LT Care for 100 days of SNF care subject to certain eligibility requirements.

Medicaid

Wishard is paid for inpatient acute care services rendered to Medicaid beneficiaries under the lower of charges or prospectively determined rates-per-discharge and on a per diem basis for psychiatric and burn unit services, classified based on clinical, diagnostic and other factors. Reimbursement for Medicaid outpatient services is based on prospective rates per visit. Wishard also participates in a Medicaid risk-based managed care program in which Wishard receives interim reimbursement rates with a settlement adjustment at year-end.

LT Care is reimbursed for services rendered to Medicaid beneficiaries on a per diem basis.

Medicaid Special Revenue

The Corporation qualifies for certain special Medicaid payments through various sections of the State of Indiana Medicaid Plan and the Indiana Code. Medicaid special revenue includes revenue from various sources including the State of Indiana Disproportionate Share Hospital Payment Program (DSH - established to reimburse hospitals that serve a disproportionate share of indigent patients) the Upper Payment Limit (UPL - established to pay qualifying health care providers the difference between what Medicare would have paid and what Medicaid actually paid) and other contractual revenues. The money received from the Medicaid special revenues can be utilized by the Corporation without restriction.

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Medicaid Special Revenue is distributed through an intergovernmental transfer (IGT) arrangement. The basis for payment is derived from services rendered to patients through Wishard (including the physician access to care program) and through LT Care Funds. The Indiana Office of Medicaid Policy and Planning determines the level of DSH or UPL funds available for distribution and initiates a transaction with the Corporation to facilitate the IGT. The Corporation is responsible for funding the IGT for the services rendered on behalf of the Wishard and LT Care funds and such transactions are reported in the General Fund financial statements at net with the exception of the LT Care. In 2008, LT Care reports revenue associated with its UPL at gross in the Statement of Revenue, Expenses and Changes in Net Assets, which is a change in presentation from previous years reported.

Medicaid Special Revenue associated with services provided at Wishard is comprised of UPL and DSH payments, which are all recorded in the Corporation's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and IC 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupements of the net receipts previously made to the Corporation. The Corporation does not have access to reasonable information to estimate levels of combined DSH and UPL payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or their own) fiscal year. As such, management records this portion of the Medicaid Special Revenue on a cash basis. The reporting of these transactions on a cash basis is a change in accounting from previous periods. The result of the change in accounting increased unreserved, undesignated fund balances in the fund statements and unrestricted net assets in the government-wide statements by \$19,950,000.

Medicaid Special Revenue associated with LT Care is based upon UPL payments, which is more predictable than the payments related to Wishard's services. As such, management recognized such payments on an accrual basis at the LT Care fund level.

The General Fund recognized \$126,524,776 in Medicaid Special revenue during the period. The LT Care fund recognized revenue of \$51,423,940 including a receivable of \$8,943,835 as of and for the year ended December 31, 2008.

Other Payors

Wishard and LT Care have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Wishard and LT Care under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

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Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2008:

	Wishard Health Service	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 331,465,990	\$ -	\$ 331,465,990	34%
Outpatient	388,100,973	-	388,100,973	40%
Long-term care	21,477,013	240,224,934	261,701,947	27%
Gross patient service less:	741,043,976	240,224,934	981,268,910	100%
Contractual adjustments	266,191,090	1,264,834	267,455,924	27%
Charity and indigent care	166,310,410	-	166,310,410	17%
Provision for uncollectible accounts	85,906,091	2,523,332	88,429,423	9%
Net patient service revenue	<u>\$ 222,636,385</u>	<u>\$ 236,436,768</u>	<u>\$ 459,073,153</u>	<u>47%</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 31%, respectively, of net patient service revenue for the year ended 2008. These percentages exclude Medicaid special revenue received and recognized in the General Fund. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 9: Short-Term Loan Agreement

During 2008, the Corporation entered into a loan agreement with a financial institution with the intent of borrowing up to \$130,000,000 to fund certain payments relating to the State of Indiana Disproportionate Share Hospital Payment Program.

Short-term debt activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Short-term note	\$ -	\$ 130,000,000	\$ (130,000,000)	\$ -

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Note 10: Long-Term Liabilities

Renovation Bonds of 1988

In October 1988, the Corporation issued \$28,000,000 of renovation bonds, the proceeds of which were used to renovate the clinical, patient care and administrative areas of the existing Wishard Health Services hospital complex and acquire, construct, renovate and equip the Corporation's public health and administrative facilities. The Renovation Bonds of 1988 bear interest at 7.40%, with principal and interest payments due June 30 and December 30 through 2019. In June 1990, the Indianapolis Local Public Improvement Bond Bank purchased the outstanding principal and accrued interest of the Renovation Bonds of 1988 for \$27,457,950.

General Obligation Bonds of 2005

In November 2005, the Corporation issued \$28,960,000 of General Obligation Refunding Bonds, Series 2005, the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000A. The General Obligation Bonds of 2005 are payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The General Obligation Bonds of 2005 bear interest at 3.50% to 5.25%, with principal and interest payments due January 1 and July 1 through 2025. The General Obligation Bonds of 2005 are subject to redemption from mandatory sinking fund payments during 2016 to 2024.

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The following is a summary of changes in long-term liabilities for the year ended December 31, 2008:

	January 1, 2008	Additions	Reductions	December 31, 2008	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Renovation Bonds of 1988 (\$28,000,000 original amount), 6.00% to 7.40%, due January 1, 2020	\$ 18,235,000	\$ -	\$ (990,000)	\$ 17,245,000	\$ 1,060,000
Refunding Bonds of 2005 (\$28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	26,140,000	-	(750,000)	25,390,000	780,000
Deferred Amounts:					
Less: loss on refunding	(1,912,964)	-	164,180	(1,748,784)	(164,179)
Plus: bond premium	901,326	-	(53,020)	848,306	53,019
Total bonds payable	<u>43,363,362</u>	<u>-</u>	<u>(1,628,840)</u>	<u>41,734,522</u>	<u>1,728,840</u>
Notes payable:					
1998 Promissory Notes (\$1,800,000 original amount), 4.5%, due December 30, 2008	218,122	-	(218,122)	-	-
Asserted and unasserted self insurance claims	2,740,309	23,676,951	(21,553,735)	4,863,525	1,877,017
Accrued compensated absences	<u>4,170,080</u>	<u>3,825,039</u>	<u>(3,477,485)</u>	<u>4,536,077</u>	<u>4,017,341</u>
Governmental activities long-term liabilities	<u>\$ 50,491,873</u>	<u>\$ 27,501,990</u>	<u>\$ (26,878,182)</u>	<u>\$ 51,134,124</u>	<u>\$ 7,623,198</u>
Business-Type Activities:					
Wishard Health Services:					
Asserted and unasserted self-insurance claims	\$ 9,275,969	\$ 2,718,906	\$ (4,989,427)	\$ 7,005,448	\$ 2,186,998
Accrued compensated absences	17,975,068	15,634,292	(14,986,478)	18,622,882	16,560,584
LT Care:					
Capital leases	191,712,922	4,431,965	(6,963,718)	189,181,169	8,008,691
Asserted and unasserted self-insurance claims	<u>4,555,303</u>	<u>2,313,358</u>	<u>(8,416)</u>	<u>6,860,245</u>	<u>1,428,460</u>
Business-type activities long-term liabilities	<u>\$ 223,519,262</u>	<u>\$ 25,098,521</u>	<u>\$ (26,948,039)</u>	<u>\$ 221,669,744</u>	<u>\$ 28,184,733</u>

The above bonds and notes related to governmental activities are to be repaid from ad valorem taxes levied to the extent necessary by the Corporation against all taxable property within Marion County, Indiana. Long-term liabilities for the governmental activities are generally liquidated by the General Fund. The business-type capital leases will be repaid through LT Care nursing home operating revenue.

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The governmental activities debt service requirements, including interest, on bonds and notes outstanding at December 31, 2008 is as follows:

	Principal	Interest
Bonds:		
2009	\$ 1,840,000	\$ 2,474,980
2010	1,955,000	2,359,635
2011	2,455,000	2,231,885
2012	2,595,000	2,086,675
2013	2,760,000	1,925,795
2014 - 2018	16,640,000	6,789,294
2019 - 2023	12,100,000	2,057,574
2024 - 2028	2,290,000	77,625
	\$ 42,635,000	\$ 20,003,463

The Corporation has a legal debt limit of 0.67% of the assessed values of Marion County Property as certified by the DLGF. A computation of the Corporation's legal debt margin as of December 31, 2008, is as follows:

Net assessed value - 2008	\$ 43,704,676,004
	0.67%
Debt limit	292,821,329
Debt applicable to debt limit:	
Bonded debt	42,635,000
Legal debt margin	\$ 250,186,329

In 2005, the Corporation refunded its General Obligation Bonds of 2000 with the issuance of the General Obligation Refunding Bonds, Series 2005. The General Obligation Bonds of 2000 are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2008, \$24,850,000 of these defeased bonds remains outstanding.

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Note 11: Leases

Operating

The Corporation leases certain facilities and equipment under operating leases. Most of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2008 for the governmental activities:

2009	\$ 545,109
2010	426,262
2011	198,793
2012	148,881
2013	125,881
2014 - 2018	314,342
Total future payments	\$ 1,759,268

Lease expenditures of \$536,415 were reported in the governmental activities for the year ended December 31, 2008.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2008 for the business-type activities:

2009	\$ 1,077,444
2010	925,737
2011	799,841
2012	75,488
2013	-
2014 - 2018	-
Total future payments	\$ 2,878,510

The Corporation reported \$3,041,176 of lease expense in the business-type activities for the year ended December 31, 2008.

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Capital

The governmental activities had no capital leases outstanding at December 31, 2008. For business-type activities, including the LT Care Enterprise Fund, the Corporation is obligated under capital leases covering 29 nursing homes. At December 31, 2008, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 210,740,087
Less accumulated amortization	<u>(61,002,548)</u>
	<u><u>\$ 149,737,539</u></u>

Amortization expense of assets held under capital leases of \$14,981,757 is included with depreciation and amortization expense for the year ended.

Future minimum capital lease payments as of December 31, 2008 are:

2009	\$ 26,868,537
2010	27,506,518
2011	28,161,442
2012	28,826,956
2013	29,232,416
2014 - 2018	127,619,181
2019 - 2022	<u>76,496,083</u>
Total minimum lease payments	344,711,133
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	<u>155,529,964</u>
Present value of net minimum capital lease payment	189,181,169
Less current installments of obligations under capital leases	<u>8,008,691</u>
	<u><u>\$ 181,172,478</u></u>
Obligations under capital lease, excluding current installments	<u><u>\$ 181,172,478</u></u>

Note 12: Risk Management

Insurance Coverage

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patients; and natural disasters. The Corporation is self-insured for workers' compensation, general liability, and medical malpractice claims to defined limits. With respect to general liability, the Corporation is protected by the Indiana tort claims act, under IC 34- 13-3-4, which limits the tort liability for all Indiana governmental entities, in aggregate, to \$700,000. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from \$10,000 to \$50,000. Settled claims have not exceeded coverages for the past three years.

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Wishard participates in the Indiana Medical Malpractice Act, which limits the maximum recovery for medical malpractice claims to \$1,250,000 per occurrence, \$250,000 of which would be paid by the Corporation, with the balance paid by the State of Indiana Patient Compensation Fund.

As mentioned previously in these notes, the Corporation established a nonprofit entity, Lions Insurance Company, Inc., which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. The Corporation incorporated Lions on February 28, 2006, and commenced operations on March 1, 2006. As with Wishard, Lions is protected by the Indiana tort claims act, participates in the Indiana Medical Malpractice Act and has professional liability coverage from the Indiana Patient Compensation Fund. In addition, Lions has protection for general liability coverage in excess of \$1,000,000 annually and in the aggregate.

The Corporation's workers' compensation program retains the first \$350,000 liability on any one claim or incident and purchases an excess workers' compensation policy to extend limits from \$350,000 to \$1,000,000 as it applies to any one claim or incident.

The Corporation has accrued for reported claims and claims incurred but not reported (IBNR) for workers' compensation, general liability, and medical malpractice. Loss estimates have included the nature of each claim or incident and relevant trend factors as determined by legal counsel and an independent consulting actuary.

The following is a summary of the changes in asserted and unasserted workers' compensation, general liability, and medical malpractice claims for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2007	\$ 14,303,069
Change in incurred claims (including IBNRs), net	5,116,976
Claim payments	<u>(5,588,773)</u>
Balance at January 1, 2008	13,831,272
Change in incurred claims (including IBNRs), net	5,032,264
Claim payments	<u>(4,997,843)</u>
 Balance at December 31, 2008	 <u><u>\$ 13,865,693</u></u>

Medical Claims Incurred But Not Reported

Wishard has entered into an agreement with MDwise, a related party, to provide risk-based health care services, including, but not limited to inpatient, outpatient, and physician services, to qualified Medicaid participants.

Effective January 1, 2008, this program was expanded to include the provisions of the Healthy Indiana Plan (HIP). Wishard receives payments for the care of these Medicaid beneficiaries under a capitated payment methodology from MDwise and disburses payments through a third-party administrator based upon processed claims.

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Medical claims incurred but not reported represents an estimate of the ultimate net cost to Wishard for amounts that are unpaid at December 31, 2008. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Wishard and gives effect to estimates of trends in claim severity and frequency. Although Wishard's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for unpaid claims included in the Wishard Health Services Fund.

The following is a summary of changes in the medical claims incurred but not reported for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2007	\$ 3,269,539
Change in incurred claims (including IBNRs), net	16,647,696
Claim payments	(16,937,235)
Balance at January 1, 2008	2,980,000
Change in incurred claims (including IBNRs), net	19,371,910
Claim payments	(17,580,436)
 Balance at December 31, 2008	 \$ 4,771,474

Health Insurance Coverage

The Corporation began in 2001 to provide self-insurance to its employees for healthcare and prescription usage and began covering the claims out of the General Fund. Asserted and unasserted self-insurance claims in the governmental activities of the government-wide statements represents an estimate of the ultimate net cost to the Corporation for amounts that are unpaid at December 31, 2008. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of the Corporation and gives effect to estimates of trends in claim severity and frequency. Although the Corporation's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumption utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for asserted and unasserted self-insurance claims included in governmental activities.

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The following is a summary of the changes in the Corporation's health insurance liability for the past two years, as recorded in the government-wide financial statements:

Balance at January 1, 2007	\$ 3,203,900
Change in incurred claims (including IBNRs), net	17,424,772
Claim payments	<u>(17,888,363)</u>
Balance at January 1, 2008	2,740,309
Change in incurred claims (including IBNRs), net	23,676,951
Claim payments	<u>(21,553,735)</u>
 Balance at December 31, 2008	 <u><u>\$ 4,863,525</u></u>

The amount recorded as a liability in the General Fund at December 31, 2008 is \$1,877,017 and represents the claims which are matured and due as of year end. At December 31, 2008, \$1,877,017 of the fund balance of the General Fund is designated for payment of future health insurance and prescriptions claims in the fund statements.

Note 13: Retirement Plan

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), established in accordance with Indiana Code (§5-10.2 and §5-10.3). PERF is an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the board of PERF in accordance with actuarial methods. Substantially all full-time employees of the Corporation are covered by the plan. The following disclosures represent the most current and available information on the plan through the July 1, 2008 actuarial valuation.

The plan is a benefit plan with components of both a defined-benefit and defined-contribution plan. PERF retirement benefits vest after 10 years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF members to be eligible for early retirement with 100% of the defined-benefit pension if certain conditions were met. An employee may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the employee's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, an employee may retire with 100% of the defined pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earned. Employees who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit ranging from 44.0% to 98.8% of the pension benefit described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

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Employees have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described in the paragraph above. An employee who leaves employment before qualifying for benefits receives a refund of his or her savings account.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

Funding Policy

The Corporation's employees are required to contribute 3.0% of their annual salaries to an annuity savings account that may be withdrawn at any time should an employee terminate employment. The Corporation has elected to pay the required employee contribution. In addition, the Corporation is required by state statute to contribute at an actuarially determined rate (6.00% for calendar year 2008) of annual covered payroll. Therefore, the total employer contribution rate for 2008 was 9.00%. The contribution requirements of plan members are determined by PERF's Board of Directors as authorized by Indiana state statute. The Corporation-financed pension benefits are classified as defined-benefits and the employee-financed pension benefits are classified as defined-contributions.

Annual Pension Cost and Net Pension Obligation

The PERF funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the July 1, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions used for the July 1, 2008 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) future salary increases based on PERF experience from 2000 to 2005; and (c) a cost of living increase of 1.50% (compounded) that is applied to pension benefit each year following retirement, with no increase assumed to be applied to the PERF annuity benefit. The actuarial value of the plan's assets is determined by taking the previous year's actuarial value, adding contributions, subtracting pension payments and plan expenses and adding expected earnings at the valuation rate of interest, based on a midyear weighted-average fund. The result is multiplied by 75% and added to 25% of the cost value of the plan assets as of the valuation date. PERF uses the level percentage of payroll method to amortize the unfunded liability over an open 30-year period.

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The standardized measure of the net pension asset is as follows:

Annual required contributions (ARC)	\$ 10,523,722
Interest on net pension asset	(69,321)
Adjustment to ARC	78,996
Annual pension cost	10,533,397
Actual contributions made	10,884,486
Increase in net pension asset	351,089
Net pension asset, beginning of year	956,145
Net pension asset, end of year	\$ 1,307,234

The net pension asset of \$1,307,234 as of December 31, 2008 is reflected in the government-wide financial statements. Wishard's share of this asset is \$1,037,431 and \$269,803 is reflected as an asset of the governmental activities.

Historical Trend Information

Historical trend information about the Corporation's participation in PERF is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due. The amounts presented below are in the thousands of dollars.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2008	\$ 10,533,397	103%	\$ 1,307,234
2007	9,194,237	96%	956,145
2006	8,805,152	86%	1,324,311

Required Supplemental Information - Schedule of Funding Progress (Unaudited)

Valuation Date	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Liability (AAL)	(B - A) Excess of Assets Over (Unfunded) AAL	(A / B) Funded Ratio	(C) Anticipated Covered Payroll	[(B - A) / C] Excess/ Unfunded AAL as a % of Covered Payroll
June 30, 2008	\$ 187,042,181	\$ 207,763,313	\$ (20,721,132)	90%	\$ 179,348,484	12%
June 30, 2007	173,941,258	179,183,954	(5,242,696)	97%	163,141,523	3%
June 30, 2006	156,034,145	158,825,643	(2,791,498)	98%	148,166,818	2%

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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Note 14: Deferred Compensation Plan

Employees of the Corporation are eligible to participate in a deferred compensation plan (the Plan) adopted under the provisions of Internal Revenue Code (IRC) Section 457. The deferred compensation plan is available to substantially all employees of the Corporation. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The plan assets are held in trust for the exclusive benefits of participants and their beneficiaries.

Note 15: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2008, the Corporation primarily paid for physician services under a relative value unit basis. The Corporation continued to rely on the University to supply several leadership positions for Wishard but the operations of Wishard became the direct responsibility of the Corporation in 2005. Wishard incurred fees for professional, management, and resident physician services of approximately \$45,949,043 during the year (recorded in medical and professional fees on the statement of revenues, expenses, and changes in fund net assets - proprietary funds). The University also rents office space from Wishard, which resulted in revenue to Wishard of \$2,163,348 in 2008.

Note 16: Agreement With Indiana University Medical Group-Primary Care

The Indiana University Medical Group - Primary Care (IUMG-PC) is a related party of the Corporation through common ownership. Under its agreement with Wishard, IUMG - PC provides certain physician management services, administration of the risk-based managed care program and the Wishard Advantage Program and also provides physician services to Wishard and the Community Health Centers.

As of December 31, 2008, the agreement had not been renewed, however, both Wishard and IUMG-PC continue to operate under the original terms of the agreement. Total 2008 expense recognized in the Wishard fund to IUMG-PC totaled \$12,257,222.

Note 17: LT Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to operate the 29 nursing homes, which are accounted for in the LT Care Fund. The term of the management agreement extends until March 31, 2022 with the Corporation having the right to extend the term for an additional period of ten years if written notice is given to ASC at least 60 days prior to the expiration of the initial term. During 2008, the Corporation incurred approximately \$13,427,693 in management fees to ASC for LT Care operations.

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ASC has contracted with EagleCare, Inc. (EagleCare) to provide the personnel required to operate each of the respective facilities. EagleCare and ASC are related parties in that the persons who own 100% of EagleCare also own 95% of ASC. ASC also provides management services to EagleCare in connection with its operations.

The Corporation leases 16 of the nursing homes from EagleCare. During 2008, the Corporation paid approximately \$17,600,000 to EagleCare in associated lease costs from LT Care operating revenue (see note 21).

At December 31, 2008, the LT Care Fund had a payable to EagleCare of approximately \$6,500,000 primarily for accrued labor and related benefits. The LT Care Fund also had a payable to ASC at December 31, 2008 of approximately \$3,039,000 for outstanding management services rendered to be paid from operations.

Note 18: Nursing Home Leases

In January 2003, the Corporation entered into a transaction with EagleCare, which involves the leasing of buildings and purchasing of the equipment for the purpose of operating 12 nursing homes for \$9,669,000. The leases end in 2022 and require minimum annual lease payments of approximately \$11,766,000 (Base Rate), paid in equal monthly installments. In 2005, the Corporation and EagleCare amended the lease terms so that annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$1,725,000 annually to these 12 nursing homes, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operations of these nursing homes. The Corporation has a put option on these nursing homes by which the Corporation would pay EagleCare \$4,000,000 if the put option is exercised by December 31, 2012 and \$7,000,000 if exercised after this date.

In October 2003, the Corporation entered into another transaction with EagleCare, which involved the purchase of assets of one nursing home for \$2,000,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The lease ends in 2022 and requires minimum annual lease payment of \$1,920,000, paid in equal monthly installments. In 2005, the Corporation and EagleCare amended the lease terms so that annually, the lease payment will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$222,650 annually to this nursing home. This commitment would increase in the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of this nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay EagleCare \$500,000 if the put option is exercised by December 31, 2012 and \$750,000 if exercised after this date.

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In December 2003, the Corporation entered into capital lease agreements for five additional nursing homes with an unrelated third party. The lease agreements terminate in 2013. The Corporation was required to make a \$2,400,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. The Corporation was required to make one-time capital improvements of \$2,000,000. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 2%. Rent payments made in 2008 were approximately \$2,700,000.

The Corporation closed the Mid-Town Nursing and Rehabilitation facility (Mid-Town) located in Indianapolis in May 2004. The operations of the home were purchased on December 1, 2003. The home was in disrepair and was typically less than 50% occupied. The Corporation owns the operations of another home located on North Capitol Street less than one mile from the Mid-Town facility. The North Capitol facility was also in disrepair when the operations were purchased on December 1, 2003, and was also approximately 50% occupied. LT Care invested \$1,800,000 of working capital to improve the North Capitol facility. After the improvements were completed, the patients of Mid-Town were transferred to North Capitol and the process of closing the Mid-Town facility commenced and was completed in 2004. The employees of the Mid-Town facility were offered other positions LT Care operations. During 2005, Mid-Town was converted into a Midtown Mental Health facility, which became operational in 2007.

In April 2005, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of one nursing home for \$2,593,750. In addition, the Corporation entered into a lease for the real estate of the nursing home with EagleCare. The lease ends in March 2022 and requires minimum annual lease payment of \$1,356,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. Contingent rental income up to \$120,000 per year can also be earned under the lease agreement. The Corporation is required to make capital improvements of at least \$230,000 annually to this nursing home, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of the nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay EagleCare 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

In October 2006, the Corporation entered into transactions with independent third parties, which involved the purchase of assets of four nursing homes for \$2,810,000, of which \$1,532,000 was paid in 2006 and the remainder to be paid from 2007 - 2009. In addition, the Corporation entered into leases for the real estate of the nursing homes, of which two are related entities to ASC. The leases end in September 2016 through September 2021 with the annual total lease payments of approximately \$2,300,000, paid in equal monthly installments. Contingent rental income up to \$184,000 per year can also be earned under the lease agreements. Under the lease terms, the lease payment will increase by 2% each year after the third year of the lease.

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During 2007, the Corporation entered into two transactions with independent third parties, which involved the purchase of assets of four nursing homes for a total of approximately \$1,000. In addition, the Corporation entered into real estate leases for the nursing homes. The lease terms are for 10 years with annual total lease payments of approximately \$3,100,000 paid in equal monthly installments. Also, the leases required additional deposits of approximately \$3,100,000.

Also during 2007, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of two senior living facilities for \$531,250. In addition, the Corporation entered into leases for the real estate of the two facilities with this related entity. The leases end in March 2022 and requires minimum annual lease payments of \$564,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$102,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent. The Corporation has a put option on these facilities by which the Corporation would pay the owner 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

During 2008, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for \$540,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The purchase price of \$540,000 is to be paid in installments of \$440,000 on the closing and \$100,000 on the one year anniversary of the close. The lease ends in June 2018 with the annual total lease payments of approximately \$540,000. Under the lease terms, the lease payment will increase by approximately 2.5% each year after the second year of the lease.

Note 19: Related Parties

During the year, the Corporation had transactions with the City of Indianapolis (the City) and Marion County (the County) that were conducted in the normal course of business. The County collects and distributes taxes and other special assessment fees on behalf of the Corporation. For the year ended December 31, 2008, the Corporation had received \$83,168,827 in tax cash receipts and \$1,078,768 in special assessment fees cash receipts from the County and at December 31, 2008, the Corporation had a tax receivable of \$41,221,938 all of which was deferred in the fund financial statements. The Corporation paid the City \$1,000,000 for the Housing Trust Fund to support the creation of more affordable housing opportunities for the underserved of Marion County. Also, the Corporation paid the County \$217,055 in 2008 in autopsy and death reports and \$80,775 in continuing education fees that the Corporation had collected on behalf of the County based on the issuance of death certificates. Wishard received \$2,319,237 from the County to provide healthcare services to certain prisoners in the Marion County jail system during 2008. The City paid the Corporation \$713,768 for the "Clean and Lien" program to clean up vacant lots. The City paid the Corporation \$365,000 for unsafe building enforcement in 2008. In addition, the Corporation acted as a subrecipient or a pass-through agent for various state and federal grant programs with the City and County during 2008.

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December 31, 2008

Note 20: Joint Venture

The Corporation is a 50% member in MDwise. MDwise is a not-for-profit corporation that contracts with the State of Indiana through the Office of Medicaid Policy and Planning and the Office of Children's Health Insurance Program, to arrange for and administer a risk-based managed care program for certain Indiana Medicaid enrollees. The investment is recorded in the Wishard fund and accounted for under the equity method. Complete financial statements for MDwise can be obtained from the MDwise administrative offices at 1099 North Meridian, Suite 320, Indianapolis, Indiana 46204.

Note 21: Loan Guarantee

In January 2004, the Corporation guaranteed a bond issuance to support the renovation of a building for the Charter for Accelerated Learning, Inc. (Charter School). The bonds were issued through the Indiana Finance Authority and had an original par value of \$4,000,000. The Corporation also guaranteed a line of credit for the Charter School in the amount of \$200,000. The incorporated name of the Charter School is the Charles A. Tindley Accelerated High School, which is a charter school authorized by the City of Indianapolis (the City). At December 31, 2008, the outstanding amount on the bond issuance was \$3,570,000, and there was no outstanding amount on the line of credit. The Corporation knows of no event of default that would require it to satisfy these guarantees, and therefore, no amount has been recorded in the Corporation's financial statements.

In December 2008, Charter School refinanced this loan and the made a principal payment of \$171,000. The term of the note was changed to 30 years with a maturity date of November 1, 2038. The Charter School remains current on its loan payment.

Note 22: Negative Fund Balance

The Debt Service Fund has a negative fund balance of \$3,631,044 at December 31, 2008. This has been eliminated as of August 2009 by the collection of property tax revenues, which were not recognized due to the availability period.

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Note 23: Concentrations of Credit Risk

Wishard and LT Care grant credit without collateral to their patients, most of whom are generally insured under third-party agreements. The mix of receivables from patients and third-party payors at December 31, 2008 is as follows:

Commercial insurance	21%
Medicare	33%
Medicaid	21%
Self pay	13%
Other	12%
	100%
	100%

Note 24: Commitments and Contingencies

Litigation

In addition to pending medical malpractice claims, the Corporation has various other litigation pending against it. It is the opinion of management that loss, if any, from pending litigation will not have a material adverse effect on its financial position, results of operations or liquidity.

Government Grants

The Corporation participates in a number of federal financial assistance programs. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the Corporation expects such amounts, if any, to be immaterial.

Note 25: Subsequent Events

In January 2009, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of three nursing homes. The purchase price of the intangible operating assets was \$100. No tangible assets were acquired. The Corporation executed leases for each of the three facilities with initial terms of ten years and two renewal options of five years each.

In February 2009, the Corporation acquired three nursing homes and the purchase price for the tangible and intangible assets comprising the facilities was \$7,175,250. The Corporation executed leases for each of the three facilities with terms that run from the closing date until March 31, 2022.

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In March 2009, the Corporation acquired one nursing home. The purchase price for the tangible personal property comprising the facility was \$850,000, of which \$700,000 was payable at the closing and \$15,000 is payable on the first anniversary of the closing. The purchase price for the intangible operating assets was \$100. The Corporation executed a lease for the facility with an initial term of 13 years and two renewal options of five years each.

Effective May 13, 2009, Wishard closed Lockefield Village Health and Rehabilitation Center in Indianapolis. Revenue for Lockefield Village for 2008 was approximately \$9.8 million and expenses were approximately \$15.7 million. Upon closing, Wishard assisted the residents of Lockefield Village to obtain placement in other skilled nursing facilities or residential care settings.

In June 2009, the Indiana General Assembly passed House Bill 1001 allowing a county-wide referendum on November 3, 2009, which would authorize HHC to build a new Wishard campus. The management team of HHC has begun spending time educating the community on the project. The Corporation is required to hold a preliminary determination hearing and pass a preliminary determination resolution prior to October 1, 2009, to outline the legal and financial parameters of the project. At the time of issuance, the Corporation had not held the preliminary determination hearing.

**Required Supplementary Information
(Other Than MD&A)**

Health and Hospital Corporation of Marion County, Indiana
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Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 97,121,729	\$ 97,121,729	\$ 81,942,211	\$ (15,179,518)
Licenses and permits	4,067,750	4,067,750	3,700,835	(366,915)
Intergovernmental	1,083,546	1,083,546	1,090,241	6,695
Charges for services	1,253,700	1,253,700	1,283,126	29,426
Medicaid special revenue	123,838,498	203,838,498	127,452,582	(76,385,916) *
Interest	4,000,000	4,000,000	3,163,085	(836,915)
Grants	17,682,000	17,682,000	19,896,993	2,214,993
Miscellaneous	9,845,004	9,845,004	21,137,151	11,292,147
Total revenues	258,892,227	338,892,227	259,666,224	(79,226,003)
Expenditures				
Personal services	45,000,000	45,000,000	43,806,336	(1,193,664)
Supplies	4,027,000	5,727,000	5,159,681	(567,319)
Other charges and services	40,803,345	120,803,345	30,312,720	(90,490,625) *
Capital outlays	6,326,000	4,626,000	1,557,767	(3,068,233)
Total expenditures	96,156,345	176,156,345	80,836,504	(95,319,841)
Other Financing Uses				
Transfers out	(168,000,000)	(168,000,000)	(165,236,422)	2,763,578
Total other financing sources	(168,000,000)	(168,000,000)	(165,236,422)	2,763,578
Net change in fund balances	(5,264,118)	(5,264,118)	13,593,298	18,857,416
Fund balances - beginning of year	126,076,112	126,076,112	126,076,112	-
Fund balances - end of year	\$ 120,811,994	\$ 120,811,994	\$ 139,669,410	\$ 18,857,416

* Transactions related to the intergovernmental transfers associated with the Medicaid special revenue are budgeted with gross values, however, for generally accepted accounting principles, these transactions are reported as net.

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Notes to the Required Supplementary Information
December 31, 2008

Budgets and Budgetary Accounting

The Corporation is required by state statute to prepare a budget each calendar year. The budget is prepared for the General, Debt Service, Capital Projects and Enterprise Funds, but is not required for certain activities of the Capital Projects Funds since they are controlled by bond indentures. The Corporation's annual budget is subjected to review by the Corporation's Board of Trustees and the City-County Council, and approved by the State of Indiana Department of Local Government Finance (DLGF). Any additional appropriations that increase the total expenditures require approval by the Corporation's Board of Trustees and the DLGF. Any decreases to total appropriated expenditures require the approval by the Corporation's Board of Trustees but not the DLGF. Budgetary control is exercised at the object of expenditure level. Management may amend department and cost center budgets without seeking Board approval, as long as the total appropriation by Division, and by object of expenditure, remains unchanged.

The General, Capital Projects, and Enterprise Funds budgets are adopted on a basis consistent with GAAP for revenue. Encumbrances are treated as expenditures for the year in which the commitment to purchase is incurred for budgetary purposes. The Debt Service Fund is budgeted on a basis consistent with GAAP.

Encumbrance Accounting

Purchase orders, contracts and other anticipated obligations to expend monies are recorded as encumbrances in governmental fund types in order to reserve that portion of the applicable appropriation. Encumbrances and their underlining appropriations do not lapse with the expiration of the budget period. Accordingly, outstanding encumbrances at year-end are reported as reservations of fund balances on the fund financial statements.

Reconciliation of Budgetary Basis Actual to GAAP Basis Actual

The schedule of revenues, expenditures, and changes in fund balances - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because the budgetary and GAAP presentations of actual data differ for the General Fund expenditures, a reconciliation of the two presentations is presented below for the General Fund.

Net change in fund balance - GAAP basis	\$ 23,314,566
Add (Deduct)	
Change in encumbrances	(2,930,770)
Change in prepaid expenditures	(206,418)
Change in accounts receivable	(9,015,367)
Change in accounts payable	(615,791)
Change in self-insurance claims	2,119,268
Medicaid special revenue partial payment	927,810
Net change in fund balance - Budgetary Basis	\$ 13,593,298

APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS

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APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS AND DEFINITIONS

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE INDENTURE, THE QE INDENTURE, THE LEASE AND THE SERIES 2010 B QUALIFIED ENTITY PURCHASE AGREEMENT AND THE DEFINITIONS THAT APPLY THROUGHOUT THIS OFFICIAL STATEMENT. THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE INDENTURE, THE QE INDENTURE, THE LEASE AND THE SERIES 2010 B QUALIFIED ENTITY PURCHASE AGREEMENT.

THE INDENTURE

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

Trust Estate

The Bond Bank, in order to secure the payment of the principal of and interest on the Series 2010 B Bonds and all Additional Bonds issued on a parity therewith (collectively, the “Bonds”), and to secure the performance and observation by the Bond Bank of all covenants in the Indenture and the Bonds, (1) absolutely and irrevocably assigns to the Trustee and to its successors in trust, and its and their assigns, any right, title and interest of the Bond Bank in and to the Qualified Obligations acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including all Qualified Obligation Payments, and the Funds and Accounts created or established under the Indenture, and all moneys and investments under the Indenture, but not the Rebate Fund, and (2) grants a security interest to the Trustee and to its successors in trust, and its and their assigns in the Revenues (collectively, the “Trust Estate”); notwithstanding the foregoing, until all Building Authority Affidavits of Completion are filed with respect to the projects financed with the proceeds of a particular Series of Bonds, the Trust Estate with respect to such Series of Bonds will consist of only (1) the proceeds of such Series of Bonds which are deposited into the accounts of the Funds established at the time such Series of Bonds are issued (other than the Rebate Fund), and (2) any other funds specifically pledged to such Series of Bonds in the Supplemental Indenture executed and delivered at the time such Series of Bonds are issued.

All Bonds issued under and secured by the Indenture are without preference, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except as otherwise expressly provided in the Indenture.

Structure of Indenture Funds

Creation of Funds and Accounts. The Indenture creates the following three funds: (1) the General Fund; (2) the Debt Service Reserve Fund; and (3) the Rebate Fund. The Indenture creates in the General Fund the “General Account,” the “Redemption Account,” the “Construction Account,” the “Bond Interest Account” and the “Bond Issuance Expense

Account.” The Indenture creates in the Construction Account the “Series 2010 B-1 Construction Subaccount” and the “Series 2010 B-2 Construction Subaccount.” The Indenture creates in the Bond Interest Account the “Series 2010 B-1 Bond Interest Subaccount” and the “Series 2010 B-2 Bond Interest Subaccount.” The Indenture creates in the Bond Issuance Expense Account the “Series 2010 B-1 Bond Issuance Expense Subaccount” and the “Series 2010 B-2 Bond Issuance Expense Subaccount.” The Indenture creates in the Rebate Fund the “Series 2010 B-1 Rebate Account” and the “Series 2010 B-2 Rebate Account.”

Deposit of Revenues and Other Receipts. Upon receipt of any Revenues or other receipts (except the proceeds of the Bonds and moneys received upon sale or redemption prior to maturity of Qualified Obligations), the Trustee will deposit such amounts into the General Account or such other Fund or Account as provided under the Indenture. Any moneys received for replenishment of the Debt Service Reserve Fund pursuant to the QE Indenture will be deposited in the Debt Service Reserve Fund and applied in accordance with the Act and the Indenture.

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

(1) On or before 10:00 a.m. in the city in which the Trustee is located, on each Interest Payment Date, to the Trustee, such amount as will be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date;

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

(3) At such times as will be necessary, the reasonable Program Expenses, if any, provided, that, Program Expenses may not exceed the amounts set forth in the most recent Cash Flow Certificate delivered pursuant to the Indenture;

(4) At the direction of the Bond Bank, any amount necessary to comply with the rebate requirements set forth in the Indenture, to the extent such amounts are not obtained as Fees and Charges; and

(5) After making such deposits and disbursements and after the Trustee determines the amounts reasonably expected to be received in the form of Qualified Obligation Payments in the succeeding twelve months, to any other fund or account maintained by the Bond Bank or HHC, at the written direction of the executive director or the chief financial officer of HHC, regardless of whether such fund or account is subject to the lien of the Indenture. No moneys will be so transferred unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, after such transfer, the Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal the Adjusted Debt Service Requirements on all Outstanding Bonds.

To the extent debt service on any of the Bonds is paid from Investment Earnings or Subsidy Payments, the Qualified Entity will be credited with making such payments and any obligations under the Qualified Obligations so paid will be deemed satisfied.

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

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

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

(3) After providing for the payments as described under clauses (1) and (2) above, moneys in the Redemption Account may be used (a) to redeem Bonds of such maturity or maturities as directed by the Bond Bank if such Bonds are then subject to redemption, (b) to purchase Qualified Obligations permitted by the Indenture, (c) to the extent there are any excess moneys in the Redemption Account, to transfer to the General Account, (d) to purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds will then be subject to redemption, or (e) to invest such moneys until the maturity or maturities of Bonds as directed by an Authorized Officer in accordance with the Indenture. Such price may not, however, exceed the redemption price which would be payable on the next ensuing date on which the Bonds so purchased are redeemable according to their terms, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that the purchase at a price in excess of the redemption price will not result in the Revenues, together with moneys expected to be held in the Funds and Accounts, being less than an amount equal to Debt Service on all Outstanding Bonds. The Trustee will pay the interest accrued on the Bonds so purchased to the date of delivery of the Bonds to the Trustee from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of 60 days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption under the provisions of the Indenture; and

(4) If the Trustee is unable to purchase Bonds in accordance with and under the provisions described in clause (3) above, then, subject to any restrictions on redemption set forth in the Indenture, and subject the provisions described in clause (3)(a) above, the Trustee will call for redemption on the next ensuing redemption date such amount of Bonds of such maturity or maturities as directed by the Bond Bank as, at the redemption price thereof, will exhaust the Redemption Account as nearly as possible. Such redemption will be made pursuant to the

Indenture. The Trustee will pay the interest accrued on the Bonds so redeemed to the date redemption from the General Account and the redemption price from the Redemption Account.

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

Operation of Bond Interest Account. The Trustee will deposit in the Series 2010 B-1 Bond Interest Subaccount and the Series 2010 B-2 Bond Interest Subaccount all moneys required to be deposited therein pursuant to the provisions of the Indenture, and will invest such funds in accordance with the Indenture.

The Trustee, without further authorization, will transfer from the Series 2010 B-1 Bond Interest Account to the General Account all of the amount in the Series 2010 B-1 Bond Interest Account on January 15, 2011.

The Trustee, without further authorization, will transfer from the Series 2010 B-2 Bond Interest Account to the General Account all of the amount in the Series 2010 B-2 Bond Interest Account on January 15, 2011.

It will be the duty of the Trustee, without other or further authority than that given in the Indenture, to pay from the Series 2010 B-1 Bond Interest Subaccount (or if the Series 2010 B-1 Bond Interest Subaccount is not sufficient, then first from the Series 2010 B-1 Construction Subaccount until depleted and then from the Series 2010 B-2 Construction Subaccount) interest as it becomes due on all Series 2010 B-1 Bonds until the filing of the Series 2010 B Affidavit of Completion.

It will be the duty of the Trustee, without other or further authority than given in the Indenture, to pay from the Series 2010 B-2 Bond Interest Subaccount (or if the Series 2010 B-2 Bond Interest Subaccount is not sufficient, then first from the Series 2010 B-2 Construction Subaccount until depleted and then from the Series 2010 B-1 Construction Subaccount) interest as it becomes due on all Series 2010 B-2 Bonds until the filing of the Series 2010 B Affidavit of Completion.

Operation of Series 2010 B-1 Bond Issuance Expense Subaccount. The Trustee will deposit in the Series 2010 B-1 Bond Issuance Expense Subaccount the moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds pursuant to the Indenture and will disburse the funds held in the Series 2010 B-1 Bond Issuance Expense Account upon receipt of invoices or requisitions certified by the Executive Director of the Bond Bank to pay the Series 2010 B-1 Costs of Issuance or to reimburse the Bond Bank, the Qualified Entity or HHC for amounts previously advanced for such costs. In making disbursements from the Series 2010 B-1 Bond Issuance Expense Subaccount, the Trustee may rely upon such certifications and invoices without further investigation. Any amounts remaining in the Series 2010 B-1 Bond Issuance Expense Subaccount one (1) year after the issuance of the Bonds will

be transferred to the Series 2010 B-1 Construction Subaccount, at which time the Series 2010 B-1 Bond Issuance Expense Subaccount may, at the direction of the Bond Bank, be closed.

Operation of Series 2010 B-2 Bond Issuance Expense Subaccount. The Trustee will deposit in the Series 2010 B-2 Bond Issuance Expense Subaccount the moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds pursuant to the Indenture and will disburse the funds held in the Series 2010 B-2 Bond Issuance Expense Account upon receipt of invoices or requisitions certified by the Executive Director of the Bond Bank to pay the Series 2010 B-2 Costs of Issuance or to reimburse the Bond Bank, the Qualified Entity or HHC for amounts previously advanced for such costs. In making disbursements from the Series 2010 B-2 Bond Issuance Expense Subaccount, the Trustee may rely upon such certifications and invoices without further investigation. Any amounts remaining in the Series 2010 B-2 Bond Issuance Expense Subaccount one (1) year after the issuance of the Bonds will be transferred to the Series 2010 B-2 Construction Subaccount, at which time the Series 2010 B-2 Bond Issuance Expense Subaccount may, at the direction of the Bond Bank, be closed.

Operation of Series 2010 B-1 Construction Subaccount. The Trustee will deposit in the Series 2010 B-1 Construction Subaccount all moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds in accordance with the Indenture and upon the submission on the date of initial delivery of the Series 2010 B-1 Bonds of the requisitions of the Bond Bank signed by an Authorized Officer stating all requirements with respect to such financing set forth in the Indenture with respect to the Series 2010 B-1 Bonds have been or will be complied with, will disburse money to the Qualified Entity, HHC or such other parties, all as directed by the Authorized Construction Officer for the purposes set forth in the provisions described under paragraph (1)(a) under the caption “THE QE INDENTURE – Project Fund” below upon confirmation from the QE Trustee that the requirements of the provisions described under paragraph (2)(c) under the caption “THE QE INDENTURE – Project Fund” below have been satisfied for such disbursement. In making disbursements from the Series 2010 B-1 Construction Subaccount, the Trustee may rely upon such requisitions and confirmations without further investigation. Upon the filing of the Series 2010 B Affidavit of Completion, the Trustee will disburse all remaining money to the QE Trustee who will deposit it into the respective funds or accounts as set forth in the QE Indenture.

Operation of Series 2010 B-2 Construction Subaccount. The Trustee will deposit in the Series 2010 B-2 Construction Subaccount all moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds in accordance with the Indenture and upon the submission on the date of initial delivery of the Series 2010 B-2 Bonds of the requisitions of the Bond Bank signed by an Authorized Officer stating all requirements with respect to such financing set forth in the Indenture with respect to the Series 2010 B-2 Bonds have been or will be complied with, will disburse money to the Qualified Entity, HHC or such other parties, all as directed by the Authorized Construction Officer for the purposes set forth in the provisions described under paragraph (1)(a) under the caption “THE QE INDENTURE – Project Fund” below upon confirmation from the QE Trustee that the requirements of the provisions described under paragraph (2)(c) under the caption “THE QE INDENTURE – Project Fund” below have been satisfied for such disbursement. In making disbursements from the Series 2010 B-2 Construction Subaccount, the Trustee may rely upon such requisitions and confirmations without further investigation. Upon the filing of the Series 2010 B Affidavit of Completion, the Trustee

will disburse all remaining money to the QE Trustee who will deposit it into the respective funds or accounts as set forth in the QE Indenture.

Operation of Debt Service Reserve Fund. The Trustee will deposit in the Debt Service Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, will invest such funds pursuant to the Indenture and, except as provided in the provisions described under this subcaption, will disburse the funds held in the Debt Service Reserve Fund solely for the payment of interest on and principal of the Bonds, and only in the event that moneys in the General Account, the Bond Interest Account and the Construction Account are insufficient to pay principal of and interest on the Bonds after making all the transfers thereto required to be made pursuant to the Indenture (from the Redemption Account) have been made. To the extent the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, moneys in an amount up to the Debt Service Reserve Requirement will be transferred to the Debt Service Reserve Fund.

The Trustee will disburse the funds held in the Debt Service Reserve Fund to pay principal of and interest on Bonds.

If moneys in the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement from time to time, such excess will be transferred to the Construction Account until the filing of the respective Affidavit of Completion. Thereafter, such excess will be transferred no less than semiannually, subject to the Trustee's receipt of a Favorable Opinion of Bond Counsel, in the following order:

- (1) To the General Account to pay a portion of the principal and interest due on the Bonds on the next Interest Payment Date;
- (2) To the Rebate Fund to the extent required under the Indenture; and
- (3) To HHC with the consent of the Bond Bank to be used for any other lawful purpose.

If the Favorable Opinion of Bond Counsel described above provides for a different use of such excess, the Bond Bank will use or transfer such excess in accordance with such Opinion.

Notwithstanding the foregoing, the Bond Bank may satisfy all or any part of its obligation to maintain an amount in the Debt Service Reserve Fund at least equal to the Debt Service Reserve Requirement by depositing a Debt Service Reserve Fund Credit Facility in the Debt Service Reserve Fund, provided that such deposit does not adversely affect any Rating Agency ratings on the Bonds. To the extent that a Debt Service Reserve Fund Credit Facility is on deposit in the Debt Service Reserve Fund, any cash on deposit in the Debt Service Reserve Fund will be disbursed first and prior to drawing upon the Debt Service Reserve Fund Credit Facility. After any such cash is disbursed, the Trustee will draw on the Debt Service Reserve Fund Credit Facility, and, if more than one Debt Service Reserve Fund Credit Facility is available, the Trustee will draw on such Debt Service Reserve Fund Credit Facilities on a pro rata basis based on the relative stated amount of each such Debt Service Reserve Fund Credit Facility.

Rebate Fund. The Trustee will establish, designate appropriately and maintain, so long as any Series 2010 B Bonds are Outstanding and are subject to a requirement that arbitrage profits be rebated to the United States, a separate fund to be known as the Rebate Fund and separate accounts therein to be known as the Series 2010 B-1 Rebate Account and the Series 2010 B-2 Rebate Account. The Trustee will make information regarding the Bonds and investments under the Indenture available to the Bond Bank and will make deposits as of each Bond Year into the Rebate Fund and disbursements as required by law from the Rebate Fund solely in accordance with instructions received from the Bond Bank. In accordance with the Indenture, the Trustee will invest the Rebate Fund in accordance with investment instructions of the Bond Bank.

Anything in the Indenture to the contrary notwithstanding, the provisions described in the immediately preceding sentence and under the subcaptions “Rebate Deposit” and “Rebate Disbursements” below may be superseded or amended by new investment, payment or compliance instructions delivered by the Bond Bank and accompanied by an opinion of Bond Counsel addressed to the Trustee to the effect that the use of the new instructions will not cause the interest on the Series 2010 B-1 Bonds to become includable in the gross income of the recipient for federal tax purposes or result in the loss of the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds. The provisions described under this subcaption and the subcaptions “Rebate Deposit” and “Rebate Disbursements” below will survive the discharge of the Indenture until any rebate obligations on the Series 2010 Bonds are remitted to the United States. Any balance remaining in the Rebate Fund after the Indenture and such rebate obligation are discharged will be distributed to the Qualified Entity or its designee.

Rebate Deposit. If a deposit to the Rebate Fund is required as a result of the computations made by the Bond Bank, the Trustee will upon receipt of direction from the Bond Bank accept such payment for the benefit of the Bond Bank. Records of the determinations required by this subcaption and the investment instructions must be retained by the Trustee until six years after the Series 2010 B Bonds are no longer Outstanding.

Rebate Disbursements. Not later than 60 days after March 4, 2015, and every five years thereafter, the Bond Bank will direct the Trustee to pay to the United States at least 90% of the amounts required to be on deposit in the Series 2010 B-1 Rebate Account and the Series 2010 B-2 Rebate Account. Not later than 60 days after the final retirement of the Series 2010 B-1 Bonds and the Series 2010 B-2 Bonds, the Bond Bank will direct the Trustee to pay to the United States 100% of the balance remaining in the Series 2010 B-1 Rebate Account and the Series 2010 B-2 Rebate Account, respectively. Each payment required to be paid to the United States pursuant to the provisions described in this subcaption will be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other location as the Code will require. Each payment will be accompanied by a copy of the Form 8038-T or such other documentation as may be required under applicable regulations.

Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account established under any provision of the Indenture will be held by the Trustee in trust and applied in accordance with the Indenture, and, except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the

redemption of which has been duly given, and, except for moneys held in the Rebate Fund, will, while held by the Trustee, constitute part of the Trust Estate and be subject to the security interest created by the Indenture and will not be subject to any lien or attachment by any creditor of the Bond Bank.

Repayment to HHC from Indenture Funds. Any amounts remaining in any Fund or Account created under the Indenture, after payment or provision for payment in full of the Bonds in accordance with the provisions for the discharge of the Indenture, the fees, charges and expenses of the Bond Bank, the Trustee and any co-trustee appointed under the Indenture, and all other amounts required to be paid under the Indenture and after and to the extent that the Bond Bank will determine that the payment of such remaining amounts may be made without violation of the provisions of the Tax Certificate, will be paid, upon the expiration of, or upon the sooner termination of, the Indenture, to HHC or its designee.

Investment of Moneys and Subsidy Payments

Investment of Moneys. Subject to the restrictions described in this subcaption, moneys held in each Fund and Account (except the Redemption Account) will be invested and reinvested by the Trustee upon oral directions (immediately confirmed in writing) of the Bond Bank in Qualified Investments, maturing no later than the date on which it is estimated that such moneys will be required to be paid out under the Indenture. Moneys in the Redemption Account will be invested only in Federal Securities. The Trustee may rely on any written investment instructions it receives from an Authorized Officer of the Bond Bank as to the suitability of such investments.

All investment instructions under the Indenture will be provided orally (confirmed in writing) to the Trustee no later than one Business Day prior to the making of the investment directed therein. The Trustee may make any and all such investments through its own investment department, or through any of its affiliates or subsidiaries. The Trustee will be entitled to rely on all investment instructions provided by the Bond Bank under the Indenture, and will have no duty to monitor the compliance thereof with the restrictions described in this subcaption, but will be responsible for determining that such investments constitute Qualified Investments. The Trustee will not be responsible or liable for the performance of any such investments or for keeping the moneys held by it under the Indenture fully invested at all times. Any obligations acquired by the Trustee as a result of investment or reinvestment will be held by or under the control of the Trustee (except for such investments held in book-entry form) and will be deemed to constitute a part of the Fund or Account from which the moneys used for its purchase were taken. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so.

Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit. Instructions of the Bond Bank to the Trustee with respect thereto, will be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2010 B Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses will be charged to the Fund or Account (including the Rebate Fund) in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance

with the provisions of the Indenture, including those described under this subcaption, the Trustee will not be liable for any investment losses. Moneys in any Fund or Account (including the Rebate Fund) will be invested in Qualified Investments with a maturity date, or a redemption date determined by the owner of the Qualified Investments at that owner's option, which will coincide as nearly as practicable with times at which moneys in such Funds or Accounts (including the Rebate Fund) will be required for the purposes thereof. The Trustee will sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account (including the Rebate Fund) whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid.

Although the Bond Bank recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Bond Bank agrees that confirmations of Qualified Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any Fund or Account if no activity occurred in such Fund or Account during such month.

In computing the amount in any Fund or Account held under the Indenture, except the Debt Service Reserve Fund, obligations purchased as an investment of moneys therein having a stated maturity of less than two years will be valued at the cost thereof (including in such cost accrued interest paid and unamortized debt discount) and all other obligations purchased as an investment of moneys will be valued at the cost (including in such cost accrued interest paid and unamortized debt discount) or market price thereof, whichever is lower, exclusive of accrued interest earned, except that securities covered by repurchase agreement will be valued at the market value of the collateral securing the repurchase agreement. When market prices for obligations held under the Indenture are not readily available, the market price for such obligations may be determined in such manner as the Trustee deems reasonable. In computing the amount in the Debt Service Reserve Fund and compliance with the Debt Service Reserve Requirement, obligations purchased as an investment of moneys held in such Fund will be valued at fair market value.

The Bond Bank will: (1) certify to the owners of the Series 2010 B Bonds from time to time Outstanding that moneys on deposit in any Fund or Account in connection with the Series 2010 B Bonds or in the Rebate Fund, whether or not such moneys were derived from the proceeds of the sale of the Series 2010 B Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2010 B-1 Bonds to become includable in gross income for federal tax purposes or cause or would result in the loss of the designation of the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d) of the Code and the benefits of the Bond Bank's irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds; and (2) covenant with the owners of the Series 2010 B Bonds from time to time Outstanding that, so long as any of the Series 2010 B Bonds remain Outstanding, moneys on deposit in any Fund or Account established in connection with the Series 2010 B Bonds or in the Rebate Fund, whether or not such moneys were derived from the proceeds of the sale of the Series 2010 B Bonds or from any other source, will not be used in any manner which will cause the interest on the Series 2010 B-1 Bonds to become includable in gross income for federal tax purposes under the Code or would result in the loss of the designation of the Series 2010 B-2 Bonds as "build America bonds" under Section 54AA(d) of

the Code and the benefits of the Bond Bank's irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds.

Investment Earnings. All Investment Earnings derived from any Fund or Account held under the Indenture will be deposited as received (1) until the filing of the Series 2010 B Affidavit of Completion into the Construction Account on a pro rata basis between the subaccounts established thereunder, and (2) thereafter into the General Account; notwithstanding the foregoing: (1) income and profits on investment of funds in the Rebate Fund, will remain in the Rebate Fund; and (2) Investment Earnings on investment of funds in the Debt Service Reserve Fund will remain in the Debt Service Reserve Fund until the balance therein equals the Debt Service Reserve Requirement from time to time and thereafter be retained or disbursed as provided in the Indenture.

Subsidy Payments. All Subsidy Payments will be deposited by the Trustee as received (1) through and including January 15, 2011, into the Series 2010 B-2 Construction Subaccount, and (2) thereafter into the General Account.

Additional Bonds, including Refunding Bonds

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

Additional Bonds will be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish one of the purposes set forth in the provisions described in the preceding paragraph, as specifically indicated in the Supplemental Indenture authorizing such Series of Additional Bonds and to make such deposits required by the provisions of the Act, the provisions described under this subcaption and the Supplemental Indenture authorizing such Series of Additional Bonds.

Each Supplemental Indenture authorizing the issuance of a Series of Additional Bonds will also specify:

- (1) The authorized principal amount of such Series of Additional Bonds;
- (2) The purposes for which such Series of Additional Bonds are being issued, which will be one or more of the following: (a) making deposits into the Funds and Accounts established under the Indenture and the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds, (b) the payment of Costs of Issuance or Program Expenses, (c) purchasing Additional Qualified Obligations, (d) purchasing Refunding Qualified Obligations issued to refund Qualified Obligations acquired under the Indenture, (e) the payment of notes theretofore issued by the Bond Bank for any purposes for which Bonds may have been issued, and (vi) the refunding of Bonds and related purposes, as provided below;
- (3) The date or dates of issue, Principal Payment Date or Dates and amounts of each maturity of the Additional Bonds of such Series;

(4) The interest rate or rates, or the manner of determining such rate or rates of the Additional Bonds of such Series, and the Interest Payment Dates therefor;

(5) The denomination or denominations of, and the manner of numbering and lettering, the Additional Bonds of such Series, provided that each Additional Bond will be of the denomination of \$5,000 or any integral multiples thereof, except as may otherwise be specifically provided in a Supplemental Indenture, not exceeding the aggregate principal amount of the Additional Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified, including provisions for the issuance of capital appreciation or zero coupon bonds;

(6) The Paying Agent or Paying Agents, and the place or places of payment of the principal of, redemption premium, if any, and interest on the Additional Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the Bond Bank adopted prior to authentication and delivery of such Series of Additional Bonds;

(7) The redemption price or prices, if any, and, subject to certain redemption provisions of the Indenture, the redemption terms, if any, for the Additional Bonds of such Series;

(8) If so determined by the Bond Bank, provisions for the sale of the Additional Bonds of such Series;

(9) The form or forms of the Additional Bonds of such Series and of the Registrar's certificate of authentication;

(10) The manner of execution of the Additional Bonds of such Series;

(11) Except in the case of Bonds that are not intended to be issued as Tax-Exempt Bonds, the necessary tax covenants to ensure that such series of Bonds will be Tax-Exempt Bonds; and

(12) Any other provisions deemed advisable by the Bond Bank, not in conflict with the Indenture.

A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee and Registrar (in addition to the receipt by them of the documents required in connection with the issuance of the Series 2010 B Bonds and as described under this subcaption) of:

(1) Irrevocable instructions from the Bond Bank to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(2) Irrevocable instructions from the Bond Bank to the Trustee, satisfactory to it, to make due publication of the notice provided for in the notice of redemption provisions in the Indenture to the owners of the Bonds being refunded;

(3) Either (a) moneys in an amount sufficient to effect payment at the applicable Redemption Price or principal amount of the Bonds to be refunded or paid, respectively, together with accrued interest on such Bonds to the redemption or maturity date, which moneys will be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective owners of the Bonds to be refunded or paid, or (b) Federal Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as will be necessary to comply with the discharge provisions of the Indenture, which Federal Securities will be held in trust and used only as provided in the discharge provisions of the Indenture, or (c) Refunding Qualified Obligations or (d) any combination described in clause (a), (b) or (c) above; and

(4) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements described in the third paragraph under this subcaption and in this paragraph.

General Covenants of Bond Bank

Payment of Principal and Interest. The Bond Bank covenants and agrees that it will promptly pay the principal of and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided therein and in such Bonds according to the true intent and meaning thereof.

Performance of Covenants. The Bond Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered thereunder, in all of its proceedings pertaining thereto. The Bond Bank covenants and represents that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, and to pledge the Revenues and all other property under the Indenture pledged in the manner and to the extent therein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Bond Bank according to the terms of the Bonds and the Indenture.

In order to provide for the payment of the principal of and premium, if any, and interest on the Bonds and the Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, to the extent necessary to provide for the payment of the Bonds (1) do all such acts and things as will be necessary to receive and collect the Revenues (including enforcement of the prompt collection of all arrears on Qualified Obligation Payments) and (2) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect its rights with respect to or to maintain, any insurance on the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations including the collection, custody and prompt application of all escrow payments required by the terms of a Qualified Obligation for the purposes for which they were made.

Whenever necessary, in order to provide for the payment of debt service on the Bonds, the Bond Bank will commence appropriate remedies with respect to the Qualified Obligations if in default.

Instruments of Further Assurance. The Bond Bank covenants and agrees that the Trustee may defend its rights to the payment of the Revenues for the benefit of the owners of the Bonds against the claims and demands of all persons whomsoever. The Bond Bank covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned thereby and the amounts and other property pledged thereby to the payment of the principal of and interest on the Bonds.

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

Accounts and Reports. The Bond Bank covenants and agrees to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture and to the Rebate Fund. Such books, and all other books and papers of the Bond Bank, and such Funds and Accounts and the Rebate Fund will at all reasonable times be subject to the inspection of the Trustee and the owners of an aggregate of not less than five percent in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The permissive right of inspection by the Trustee will not be construed as a duty.

The Trustee covenants and agrees to provide to the Bond Bank prior to the twentieth day of each month a statement of the amount on deposit in each Fund and Account as of the last day of the preceding month and of 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.

Within 210 days after the close of each Fiscal Year, the Bond Bank covenants and agrees to file with the Trustee a copy of an annual report as to the operations of the Bond Bank during such Fiscal Year and audited financial statements prepared in conformity with generally accepted accounting principles by an accounting firm appointed by the Bond Bank. Such financial statements should set forth in reasonable detail a balance sheet showing the assets and liabilities of the Program, a statement of revenues and expenses of the Program, and a statement of changes in financial position of the Program, which may be presented on a consolidated or combined basis with other reports of the Bond Bank (including reports on other programs) but only to the extent that the transactions conducted with respect to the Indenture and the Program are

accurately reflected. The Trustee will have no duty to review or analyze such financial statements and will hold such financial statements solely as a repository for the benefit of the Bondholders.

The Bond Bank covenants and agrees to provide to the Trustee copies of all reports filed with the Bond Bank by the Qualified Entity or HHC pursuant to the QE Purchase Agreement.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provision of the Indenture will be provided by the Trustee at the expense of the Bond Bank to any Registered Owner (or designated representative) of five percent or more in aggregate principal amount of Bonds then Outstanding who files or has filed a written request therefor with the Trustee.

Bond Bank Covenants With Respect to Qualified Obligations. The Bond Bank covenants and agrees that it will not permit or agree to any material change in any Qualified Obligation unless the Bond Bank supplies the Trustee with a Cash Flow Certificate to the effect that, after such change, the Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the Adjusted Debt Service Requirements on all Outstanding Bonds in each such Fiscal Year.

The Bond Bank covenants and agrees that it will enforce or authorize the enforcement of all remedies available to owners or holders of Qualified Obligations, unless (1) the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, the Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the Adjusted Debt Service Requirements on all Outstanding Bonds in each such Fiscal Year; and (2) the Trustee, having relied on an opinion of counsel, determines that failure to enforce such remedies will not adversely affect the interests of the Bondholders in any material way.

The Bond Bank covenants and agrees that it will not sell or dispose of any Qualified Obligations unless the Bond Bank provides to the Trustee a Cash Flow Certificate to the effect that, after such sale, the Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts minus any proceeds of such sale to be transferred from any Fund or Account, will at least equal the Adjusted Debt Service Requirements on all Outstanding Bonds in each such Fiscal Year. Proceeds of such sales will be invested only in Federal Securities or in Qualified Obligations which the Bond Bank is permitted to purchase under the Indenture or disbursed as provided in the provisions in the Indenture regarding the operation of the Redemption Account.

The Bond Bank covenants and agrees that it will, to the extent such action would not adversely affect the validity of the Qualified Obligations, pursue the applicable remedies set forth in the Act.

Annual Budget. The Bond Bank will, at least 60 days prior to the beginning of each Fiscal Year (commencing with the Fiscal Year beginning January 1, 2011), prepare and file in the office of the Trustee a preliminary budget covering its operations for the succeeding Fiscal Year which will be open to inspection by any holder of at least five percent of the Outstanding

Bonds. The Trustee will have no duty to review or inspect such budget and will hold such budget solely as a repository for the Bondholders. The Bond Bank will also prepare a summary of such preliminary budget and at least 45 days before the beginning of each Fiscal Year mail a copy thereof to any Bondholder who will have filed its name and address with the Bond Bank for such purpose.

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

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

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

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

(3) All moneys expected to be in the Funds and Accounts;

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

(5) The Adjusted Debt Service Requirements on all Bonds expected to be Outstanding during each Fiscal Year.

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

proceeds with respect to Qualified Investments and actual expenditures of cash expected by the Bond Bank through the end of the then current month.

Tax Covenants

To assure the continuing exclusion of the interest on the Series 2010 B-1 Bonds from the gross income of the owners thereof for federal tax purposes under Section 103 of the Code or to maintain the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds, the Bond Bank covenants and agrees as follows:

(1) It will not take any action or fail to take any action with respect to the Series 2010 B-1 Bonds, that would result in the loss of the exclusion from gross income for federal tax purposes of interest on any of the Series 2010 B-1 Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion; and it will not make any investment or do any other act or thing during the period that the Series 2010 B-1 Bonds are Outstanding which would cause any of the Series 2010 B-1 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the Series 2010 B-1 Bonds.

(2) It will not take any action or fail to take any action with respect to the Series 2010 B-2 Bonds, that would result in the loss of the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds pursuant to Section 54AA(d) and Section 54AA(g) of the Code, nor will the Bond Bank act in any other manner which would adversely affect such designation and election; and it will not make any investment or do any other act or thing during the period that the Series 2010 B-2 Bonds are Outstanding which would cause any of the Series 2010 B-2 Bonds to lose the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds pursuant to Section 54AA(d) and Section 54AA(g) of the Code, all as in effect on the date of delivery of the Series 2010 B-2 Bonds.

(3) These covenants are based solely on current law in effect and in existence on the date of delivery of the Series 2010 B Bonds.

(4) It will not be an Event of Default under the Indenture if the interest on any Series 2010 B-1 Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of such Series 2010 B-1 Bonds.

(5) It will not be an Event of Default under the Indenture if the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds is lost for federal tax purposes or otherwise pursuant to any provision

of the Code which is not currently in effect and in existence on the date of the issuance of such Series 2010 B-2 Bonds.

(6) It will rebate any necessary amounts to the United States of America to the extent required by the Code, as provided in certain rebate provisions of the Indenture.

(7) Notwithstanding any other provision of the Indenture, the covenants and authorizations described in this paragraph (the “Tax Sections”), which are designed to preserve the continuing exclusion of the interest on the Series 2010 B-1 Bonds from the gross income of the owners thereof for federal tax purposes under Section 103 of the Code or to maintain the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and the benefits of the Bond Bank’s irrevocable election to have Section 54AA(g) of the Code apply to the Series 2010 B-2 Bonds, need not be complied with if the Bond Bank receives an opinion of Bond Counsel that any Tax Section is unnecessary for the Series 2010 B Bonds to continue to be treated as Tax-Exempt Bonds. In making any determination regarding the covenants, the Bond Bank may rely on an opinion of Bond Counsel which will be addressed to the Bond Bank and the Trustee.

With respect to each Series of Additional Bonds, the Bond Bank will make similar covenants with respect to such Series of Additional Bonds; provided, however, notwithstanding any provision of the Indenture to the contrary, the Bond Bank may elect to issue a Series of Bonds that are not issued as Tax-Exempt Bonds so long as such election does not adversely affect the treatment as Tax-Exempt Bonds of any other Series of Bonds which are issued as Tax-Exempt Bonds, by making such election on the date of delivery of such Series of Bonds. In such case, the tax covenants in the Indenture will not apply to such Series of Bonds.

Events of Default and Remedies

Defaults; Events of Default. If any of the following events occurs, it is defined and declared to be and to constitute an “Event of Default” under the Indenture:

- (1) Default in the due and punctual payment of any interest on any Bond; or
- (2) Default in the due and punctual payment of the principal of any Bond whether at the stated maturity thereof or on any date fixed for mandatory sinking fund redemption; or
- (3) Failure of the Bond Bank to remit to the Trustee within the time limits prescribed in the Indenture any moneys which are required by the Indenture to be so remitted; or
- (4) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Bond Bank contained in the Indenture or in the Bonds and failure to remedy the same within the time provided in, and after notice thereof pursuant to, the provisions described under the subcaption “Notice of and Opportunity for the Bond Bank to Cure Certain Defaults” below; or
- (5) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is found to be false or misleading, when made, in any material respect, and failure

to remedy the same within the time provided in, and after notice thereof pursuant to, the provisions described under the subcaption “Notice of and Opportunity for the Bond Bank to Cure Certain Defaults” below; or

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

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

(8) 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 60 days; or

(9) Failure by the Bond Bank to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement within seven (7) months of the end of the Fiscal Year in which a deficiency occurs; or

(10) The Bond Bank for any reason will be rendered incapable of fulfilling its obligations under the Indenture.

Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee will notify the owners of all Bonds then Outstanding of such Event of Default by registered or certified mail, and will have the following rights and remedies and will exercise such rights and remedies:

(1) 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 Bonds then Outstanding, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations.

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

(3) 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 and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer.

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

If an Event of Default will have occurred, if requested to do so by the owners of 25% or more in aggregate principal amount of all Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights, remedies and powers conferred by the provisions described under this subcaption as the Trustee, being advised by counsel, will deem most expedient in the interests of the Bondholders.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other right or remedy, but each and every such right or remedy will be cumulative and will be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy will not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or will be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondholders, will extend to or will affect any subsequent Event of Default or will impair any rights or remedies consequent thereon.

Right of Bondholders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding will 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 Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction will not be otherwise than in accordance with the provisions of law and the Indenture.

Appointment of Receivers. Upon the occurrence of an Event of Default, and 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 and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer.

Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions described under this caption (including moneys received by virtue of action taken under provisions of any Qualified Obligation) will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by Trustee and any other moneys owed to the Trustee under the Indenture, be deposited in the General Account and all moneys in the General Account will be applied as follows:

(1) Unless the principal of all the Bonds will have become due and payable, all such moneys will be applied:

FIRST--on a *pari passu* basis to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, including interest on any past due principal of any Bond at the rate borne by such Bond, in the order of the maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege;

SECOND--To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which will have become due either at maturity or pursuant to a call for redemption (other than Bonds called for redemption for the payment of which other moneys are held pursuant to the Indenture), in the order of their due dates, and, if the amount available will not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to such payment on the Bonds ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD--To be held for the payment to the persons entitled thereto as the same will become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available will not be sufficient to pay in full the principal of and interest on Bonds due on any particular date, such payment will be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

(2) If the principal of all the Bonds will have become due or will have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions described under this subcaption, such moneys will be applied at such times, and from time to time, as the Trustee will determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee will apply such funds, it will fix the date (which will be an Interest Payment Date unless the Trustee will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease

to accrue. The Trustee will establish a special record date for such payments and will mail, at least 15 days prior to such special record date, such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment of principal to the owner of any Bond until such Bond will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid under the provisions described under this subcaption and all expenses and charges of the Trustee have been paid, any balance remaining in the General Fund will be paid as provided in the Indenture.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee will be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment will be for the equal and ratable benefit of the owners of all the Outstanding Bonds.

Rights and Remedies of Bondholders. 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 of the Indenture or for the appointment of a receiver or any other remedy thereunder, unless (1) a default has occurred, (2) such default will have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding will have made written request to the Trustee and will have offered it reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (3) such owners of Bonds have offered to the Trustee indemnity as provided in the Indenture, and (4) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such request and offer of indemnity are in every case at the option of Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder, it being understood and intended that no one or more owners of the Bonds will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity will be instituted, had and maintained in the manner therein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in the Indenture will affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners thereof at the time and place, from the source and in the manner expressed in the Bonds.

Waivers of Events of Defaults. The Trustee may at its discretion waive any Event of Default and its consequences, and will do so upon the written request of the owners of (1) more than 66-2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (2) more than 50% in

aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (x) any Event of Default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or (y) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to such waiver, all arrears of interest or all arrears of payments of principal when 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 such Event of Default will have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default will have been discontinued or abandoned or determined adversely, then and in every such case the Bond Bank, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

Notice of and Opportunity for Bond Bank to Cure Certain Defaults. Anything in the Indenture to the contrary notwithstanding, no default under the provisions described in clauses (4) or (5) under the subcaption “Defaults; Events of Default” above will constitute an Event of Default until actual notice of such default by registered or certified mail will be given to the Bond Bank by the Trustee or the Owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding and the Bond Bank will have had 60 days after receipt of such notice to correct such default or cause such default to be corrected, and will not have corrected such default or caused such default to be corrected within the applicable period; provided, however, if such default be such that it is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until such default is corrected. If a default is cured under the provisions described under this subcaption, then it will not constitute an Event of Default.

With regard to any alleged default concerning which notice is given to the Bond Bank under the provisions described under this subcaption, the Bond Bank grants to the Trustee full authority for the account of the Bond Bank to perform any covenant or obligation, the failure of the performance of which is alleged in such notice to constitute a default, in the name and stead of the Bond Bank with full power to do any and all things and acts to the same extent that the Bond Bank could do and perform any such things and acts and with power of substitution; provided that the Trustee will be under no obligation to perform any such covenant or obligation.

Discharge of Indenture

If the Bond Bank will pay or cause to be paid, or there will be otherwise paid, or provision will be made for the payment of, the principal of, premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if the Bond Bank will not then be in default under any of the other covenants and promises in the Bonds and the Indenture to be kept, performed and observed by it or on its part, and if the Bond Bank will pay or cause to be paid to the Trustee all sums of money due or to become due according to the Indenture or of the Bonds, then, except for the rights of the Trustee under certain provisions in the Indenture regarding the annual fees, charges and expenses of the Trustee, these presents and the interests in the Trust Estate and rights granted by the Indenture will cease, determine and be

void, and the Trustee will take such actions, at the request of the Bond Bank, as may be necessary to evidence the cancellation and discharge of the lien of the Indenture.

A Bond will be deemed to be paid within the meaning of the provisions described under this caption and for all purposes of the Indenture when:

(1) payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), will have been provided to the Trustee by irrevocably depositing with the Trustee, in trust, and the Trustee will have irrevocably set aside exclusively for such payment, any combination of (a) funds sufficient to make such payment, and/or (b) Federal Securities not subject to redemption or prepayment and maturing as to principal and interest in such amounts and at such times as will, in the opinion of an independent certified public accountant delivered to the Trustee, provide sufficient moneys, without reinvestment of any matured amounts, to make such payment without reinvestment (and there will be no such reinvestment);

(2) the Trustee will have been given irrevocable written instructions to call such Bond for redemption on a date certain, if such Bond is to be called for redemption prior to maturity;

(3) if such Bond is a Series 2010 B-1 Bond, the Trustee will have received a written opinion of Bond Counsel to the effect that such deposit (and the payment of the Series 2010 B-1 Bond therefrom) will not adversely affect the exclusion from gross income of interest on the Series 2010 B-1 Bonds for federal income tax purposes;

(4) if such Bond is a Series 2010 B-2 Bond, the Trustee will have received a written opinion of Bond Counsel to the effect that such deposit (and the payment of the Series 2010 B-2 Bond therefrom) will not adversely affect the designation of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and for which the Bond Bank has made an irrevocable election to have Section 54AA(g) of the Code apply; and

(5) all necessary and proper fees, compensation and expenses of the Trustee pertaining to such Bond will have been paid or the payment thereof provided for to the satisfaction of the Trustee.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Bond Owners. Subject to the terms and provisions described under the subcaptions “Limitation Upon Amendments and Supplements” and “Consent of Qualified Entity Required” below, the Bond Bank and the Trustee may, without the consent of, or notice to, any of the Bond Owners, enter into indentures supplemental to the Indenture for any one or more of the following purposes:

(1) to cure an ambiguity, formal defect or omission in the Indenture;

(2) to grant to or confer upon the Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bond Owners or the Trustee;

(3) to subject to the Indenture additional revenues, properties or collateral;

(4) to modify, amend or supplement the Indenture, or any indenture supplemental thereto, in such manner as to permit the qualification thereof 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 any of the states of the United States of America, and, if the Bond Bank so determines, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute;

(5) to add to the covenants and agreements of the Bond Bank contained in the Indenture other covenants and agreements thereafter to be observed for the protection of the Bond Owners or to surrender or limit any right, power or authority therein reserved to or conferred upon the Bond Bank;

(6) to provide that the Bonds may be secured by additional security not otherwise provided for in the Indenture;

(7) to modify, amend or supplement the Indenture, or any indenture supplemental thereto, in such manner as the Trustee and the Bond Bank deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to obligations of the type that includes the Bonds;

(8) to provide for the issuance of each Series of Additional Bonds permitted by the provisions described under the subcaption "Additional Bonds, including Refunding Bonds" above, other than the Series 2010 B Bonds;

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

(10) to make any other change which does not, in the opinion of the Trustee, having relied on an opinion of Bond Counsel, have a material adverse effect on the interest of the Bondholders, provided, however, that the Bond Bank and the Trustee will make no amendment which would permit the purchase of the obligations of any other Qualified Entity or other than Additional Qualified Obligations.

Supplemental Indentures Requiring Consent of Bond Owners. Exclusive of Supplemental Indentures covered by the provisions described under the subcaption "Supplemental Indentures Not Requiring Consent of Bond Owners" above, the Indenture may be amended or supplemented only as provided in the provisions described under this subcaption. Subject to the terms and provisions described under the subcaptions "Limitation Upon Amendments and Supplements" and "Consent of Qualified Entity Required" below, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding will

have the right, from time to time, to approve the execution by the Bond Bank and the Trustee of any indenture or indentures supplemental thereto as will be deemed necessary and desirable by the Bond Bank for the purposes 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. If at any time the Bond Bank will request the Trustee to enter into any such Supplemental Indenture for any of the purposes described under this subcaption, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by certified mail to the Bond Owners. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bond Owners. If within 60 days, or such longer period as will be prescribed by the Bond Bank following the mailing of such notice, the Owners of the requisite percentage in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture will have consented to and approved the execution thereof as provided in this subcaption, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Bond Bank (subject to the provisions described under the subcaption “Consent of Qualified Entity Required” below) from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided under the provisions described under this subcaption and the subcaption “Consent of Qualified Entity Required” below, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Limitation Upon Amendments and Supplements. Nothing contained in the provisions described under the subcaptions “Supplemental Indentures Not Requiring Consent of Bond Owners” and “Supplemental Indentures Requiring Consent of Bond Owners” above will permit, or be construed as permitting, without the consent of the Owners of all of the Bonds then Outstanding; (1) an extension of the maturity of the principal of, or the time for payment of any redemption premium or interest on, any Bond previously issued, or a reduction in the principal amount of any Bond previously issued, or the rate of interest or redemption premium thereon, or a reduction in the amount of, or extension of the time of any payment required by, any Bond previously issued; (2) a privilege or priority of any Bond over any other Bond (except as provided in the Indenture); (3) a reduction in the aggregate principal amount of the Bonds required for consent to such a Supplemental Indenture; (4) the deprivation of the Owner of any Bond then Outstanding of the lien created by the Indenture; or (5) the amendment of the provisions described under this subcaption. No amendment or supplement to the Indenture may be entered into without the Trustee and the Bond Bank first receiving an opinion of Bond Counsel to the effect that such amendment or supplement is authorized under the Indenture and the Act, and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Series 2010 B-1 Bonds or the qualification of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and for which the Bond Bank has made an irrevocable election to have Section 54AA(g) of the Code apply.

Consent of Qualified Entity Required. Anything in the Indenture to the contrary notwithstanding, an amendment or Supplemental Indenture under the provisions described under this caption will not become effective unless and until the Qualified Entity will have consented

in writing to the execution and delivery thereof; provided, however, that the consent of the Qualified Entity will not be required during any period that the Qualified Entity is in default under the Qualified Obligations.

THE QE INDENTURE

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

QE Trust Estate

The Qualified Entity in order to secure the payment of the principal of and interest and premium, if any, on the Qualified Obligations to be issued and at any time outstanding under the QE Indenture as the same will become due, according to the tenor thereof, and the faithful performance of all the covenants and agreements contained in the Qualified Obligations and in the QE Indenture, by these presents does grant, bargain, sell, transfer, assign, demise, release, convey, mortgage, pledge, set over and confirm unto the QE Trustee, the following: (1) the fixed rental payments under the Lease (the “Fixed Annual Rental Payments”) and Other Income of the Buildings or other facilities constructed on the real property where the Buildings are situated (as defined in the QE Indenture); and (2) all proceeds of the Qualified Obligations and other cash and securities now or thereafter held in the funds and accounts created and established under the QE Indenture (except the QE Rebate Fund) and the investment earnings thereon and all proceeds thereof, and all other properties and moneys thereafter pledged to the QE Trustee as security by the Qualified Entity to the extent of that pledge (the “QE Trust Estate”).

All Qualified Obligations issued under and secured by the QE Indenture are without preference, priority or distinction as to the lien or otherwise of any of the Qualified Obligations over any of the other Qualified Obligations, except as otherwise expressly provided in the QE Indenture.

Structure of QE Indenture Funds

Project Fund.

(1) The QE Indenture creates the “Indianapolis-Marion County Building Authority Wishard Hospital Project Fund” (the “Project Fund”), consisting of the “2010 B-1 Construction Account” and the “2010 B-2 Construction Account”. None of the proceeds of the 2010 B Qualified Obligations will be deposited in the Project Fund. The QE Trustee will deposit in the Project Fund all moneys required to be deposited therein pursuant to the QE Indenture or the Indenture.

(a) The QE Trustee will apply the 2010 B-1 Construction Account to the costs of the renovating, construction or equipping of the facilities set forth in the 2010 Project, including, but not limited to, the following items: (i) obligations incurred for labor and to contractors, builders and materialmen in connection with the renovation and construction of the Buildings; (ii) interest accruing on all the 2010 B-1 Qualified Obligations during the period of construction; (iii) the cost of equipment for the Buildings; (iv) the cost of all indemnity and

surety bonds required by the QE Indenture, the fees and expenses of the QE Trustee and any Paying Agent during construction, and premiums on insurance during construction; (v) expenses and fees of architects, engineers and construction managers; (vi) all costs and expenses incurred in connection with the issuance and sale of the 2010 B-1 Qualified Obligations and costs of municipal bond insurance, if any, for or allocable to the 2010 B-1 Qualified Obligations; (vii) all other incidental costs incurred in connection with the cost of the 2010 Project, including the accounting required by the QE Indenture; and (viii) any amount required to be deposited in the QE Rebate Fund.

(b) The QE Trustee will apply the 2010 B-2 Construction Account to the costs of the 2010 Project, including, but not limited to, the following items: (i) obligations incurred for labor and to contractors, builders and materialmen in connection with the renovation and construction of the Buildings; (ii) interest accruing on all the 2010 B-2 Qualified Obligations during the period of construction; (iii) the cost of equipment for the Buildings; (iv) the cost of all indemnity and surety bonds required by the QE Indenture, the fees and expenses of the QE Trustee and any Paying Agent during construction, and premiums on insurance during construction; (v) expenses and fees of architects, engineers and construction managers; (vi) all costs and expenses incurred in connection with the issuance and sale of the 2010 B-2 Qualified Obligations and costs of municipal bond insurance, if any, for or allocable to the 2010 B-2 Qualified Obligations; (vii) all other incidental costs incurred in connection with the cost of the 2010 Project, including the accounting required by the QE Indenture; and (viii) any amount required to be deposited in the QE Rebate Fund.

(2) (a) It will be the duty of the QE Trustee, without other or further authority than is given by the QE Indenture, to pay from the 2010 B-1 Construction Account until depleted and then from the 2010 B-2 Construction Account interest as it becomes due on all 2010 B-1 Qualified Obligations until the filing of the Affidavit of Completion, as provided in the QE Indenture, to the extent moneys on deposit in the Sinking Fund are insufficient for such purpose.

(b) It will be the duty of the QE Trustee, without other or further authority than is given by the QE Indenture, to pay from the 2010 B-2 Construction Account until depleted and then from the 2010 B-1 Construction Account interest as it becomes due on all 2010 B-2 Qualified Obligations until the filing of the Affidavit of Completion, as provided in the QE Indenture, to the extent moneys on deposit in the Sinking Fund are insufficient for such purpose.

(c) All other payments from the Project Fund, except for the items described under paragraph (1)(a)(vi) of this subcaption and under paragraph (1)(b)(vi) of this subcaption, which will be paid by the QE Trustee upon presentation of documentation evidencing the amount due, will be made by the QE Trustee upon presentation of architect's or engineer's certificates of work completed and materials furnished, approved in writing by an Authorized Representative, or in the case of any items not subject to certification by the architect or engineer, then upon the presentation of a letter executed by an Authorized Representative, stating the character of the expenditure, the amount thereof and to whom due, together with the statement of the creditor as to the amount owing and the creditor's taxpayer identification number (if not a corporation). The QE Trustee may rely upon such documentation, certificates and letters without further investigation.

(3) The Qualified Entity will furnish to the QE Trustee, at the time the 2010 Project is complete and ready for occupancy and the Lease is endorsed to that effect, an affidavit (the “Affidavit of Completion”) executed by an Authorized Representative and the architect or engineer to the effect that the 2010 Project has been completed and the Buildings are ready for occupancy and an affidavit executed by an Authorized Representative to the effect that the Buildings are free of all liens, encumbrances and claims whatsoever, excepting only current taxes not in default, the QE Indenture, the Lease and liens or potential liens arising from disputed claims of contractors and work to be repaired as set out therein. Upon the filing with the QE Trustee of the Affidavit of Completion, the QE Trustee will:

(a) deposit the money received from the Trustee pursuant to the provisions described under the caption “THE INDENTURE – 2010 B-1 Construction Subaccount” in the 2010 B-1 Construction Account; and

(b) deposit the money received from the Trustee pursuant to the provisions described under the caption “THE INDENTURE – 2010 B-2 Construction Subaccount” in the 2010 B-2 Construction Account.

(4) One year after the filing of the Affidavit of Completion, the QE Trustee will hold in either or both of the 2010 B-1 Construction Account and the 2010 B-2 Construction Account of the Project Fund, in the amounts designated by an Authorized Representative, one hundred fifty percent (150%) of the amount of any disputed claims of contractors and work to be repaired, or, if less, will hold the entire balance of the Project Fund, and will transfer the unobligated balance of the Project Fund, if any, to any other fund or account designated by an Authorized Representative. Any balance remaining in the Project Fund, after payment of all disputed claims, claims for repair work and obligations for additional improvements or equipment authorized by the provisions described in the subcaption “Use of Moneys Held in Project Fund” below, will be transferred to any other fund or account designated by an Authorized Representative within ten (10) days after the last payment of such obligations. The QE Trustee will have no responsibility to see that the Project Fund is properly applied, except as specifically provided in the QE Indenture.

Sinking Fund. The QE Indenture creates the “Indianapolis-Marion County Building Authority Wishard Hospital Sinking Fund” (the “Sinking Fund”). The QE Trustee will deposit in the Sinking Fund from each payment of Fixed Annual Rental Payments and from proceeds of rental value insurance which represents payments of Fixed Annual Rental Payments under the Lease, received by the QE Trustee pursuant to the Lease, an amount equal to the following, whichever is less: (1) all of such rental payment; or (2) an amount which, when added to the amount in the Sinking Fund on the deposit date, equals the sum of (a) the principal due on the Qualified Obligations on the next principal payment date or sinking fund redemption date and (b) interest on the Qualified Obligations due within twenty (20) days after the date such rental payment becomes due. Any portion of a payment of Fixed Annual Rental Payments remaining after such deposit and any receipts from sales of personal property will be deposited by the QE Trustee in the Operation Fund.

The QE Trustee will from time to time withdraw from the Sinking Fund and will deposit in a special trust fund and make available to itself, as QE Trustee, or to any Paying Agent, sufficient moneys for paying the principal of the Qualified Obligations at maturity or upon mandatory sinking fund redemption and to pay the interest on the Qualified Obligations as the same falls due. Investment earnings may be used for the payment of fees and charges of the Bond Bank.

Notwithstanding clause (2) above, if on the date of any deposit into the Sinking Fund or the date of any withdrawal from the Sinking Fund pursuant to the immediately preceding paragraph, there is on deposit in the General Account established pursuant to the Indenture any Subsidy Payments or moneys transferred to such General Account from the Bond Interest Account established pursuant to the Indenture, then the amount of deposit into the Sinking Fund will be reduced by the amount of Subsidy Payments and such moneys then on deposit in such General Account to the extent that, after such reduction, the remaining moneys on deposit in the Sinking Fund are sufficient to meet the withdrawal requirements of the immediately preceding paragraph. The QE Trustee, in its capacity as the Trustee, will determine the amount of such Subsidy Payments and moneys on deposit in such General Account on any date of deposit into or withdrawal from the Sinking Fund, and reduce such deposit, if required, in accordance with the provisions described in this subcaption.

Operation Fund. The QE Indenture creates the “Indianapolis-Marion County Building Authority Wishard Hospital Operation Fund” (the “Operation Fund”). The Operation Fund will be used only for the payment of necessary incidental expenses of the Qualified Entity (e.g., QE Trustee’s fees, required audits, appraisals, meetings, legal fees and expenses, expenses incurred in connection with any continuing disclosure obligations of the Qualified Entity, the Bond Bank or HHC in relation to the Qualified Obligations or fees and charges of the Bond Bank, reports and deposits in the QE Rebate Fund), to transfer funds to the Redemption Fund if so directed by the Qualified Entity, the payment of principal of and premium, if any, and interest on the Qualified Obligations upon redemption as described in the subcaption “Redemption of Qualified Obligations” below, or the purchase price of Qualified Obligations purchased as described in the subcaption “Purchase of Qualified Obligations” below, and if the amount in the Sinking Fund at any time is less than the required amount, the QE Trustee will, without any further authorization, transfer available funds from the Operation Fund to the Sinking Fund in an amount sufficient to raise the amount in the Sinking Fund to the required amount. Such action by the QE Trustee will not constitute a waiver of any other right or remedy the QE Trustee may have under the QE Indenture. Incidental expenses will be paid by the QE Trustee upon the presentation of a letter executed by any two Authorized Representatives stating the character of the expenditure and the amount thereof and to whom due, together with the statement of the creditor as to the amount owing and the creditor’s (if not a corporation) taxpayer identification number, provided, amounts owing to the QE Trustee may be withdrawn from the Operation Fund when due without presentation of an affidavit.

Notwithstanding anything in the QE Indenture to the contrary, upon receipt by the QE Trustee of a Request for Release of Funds, as defined below, the QE Trustee will as soon thereafter as practical release to HHC funds in the Operation Fund in accord with such Request. For these purposes, a “Request for Release of Funds” means a written request made by HHC,

which (1) is signed by an Authorized Representative, (2) sets forth the amount requested to be released from the Operation Fund to HHC and (3) includes a statement, accompanied by supporting schedules prepared by an accountant or firm of accountants which verify the statement, that the balance to be held in the Operation Fund immediately after such amount is released to HHC are expected to be sufficient to meet the known and anticipated payments and transfers to be satisfied from the Operation Fund in the succeeding eighteen months. The supporting schedules will identify with particularity the anticipated sources and applications of funds. The statement and supporting schedules required by clause (3) above will not include anticipated investment earnings based on assumptions about reinvestment rates, but may include known investment earnings scheduled to be received on then current investments, and will include any known or anticipated gain or loss from the disposition of investments. Notwithstanding the foregoing provisions of this subcaption, the QE Trustee will not so release funds from the Operation Fund to HHC during any time that there exists an uncured or unwaived Event of Default described under the caption “Events of Defaults and Remedies” below, or an event, which, with notice or lapse of time or both, would become such an Event of Default, or if the QE Trustee determines that the information set forth in the Request for Release of Funds (including the supporting schedules) is not reasonably consistent with the books and records of the QE Trustee or is otherwise not accurate or appropriate.

Redemption Fund. The QE Indenture creates the “Indianapolis-Marion County Building Authority Wishard Hospital Redemption Fund” (the “Redemption Fund”). The Redemption Fund may be used to call Qualified Obligations for redemption or to purchase Qualified Obligations as described in the subcaptions “Redemption of Qualified Obligations” and “Purchase of Qualified Obligations” below.

QE Debt Service Reserve Fund. When and if deemed necessary or appropriate by an Authorized Representative, the QE Indenture permits the creation of the “Indianapolis-Marion County Building Authority Wishard Hospital Debt Service Reserve Fund” (the “QE Debt Service Reserve Fund”), and within the QE Debt Service Reserve Fund, there may be established and created one or more accounts or subaccounts. At the time of the establishment of the QE Debt Service Reserve Fund, the Authorized Representative will determine the amount of the QE Debt Service Reserve Requirement. If established, the QE Trustee will deposit in the QE Debt Service Reserve Fund all moneys required to be deposited therein pursuant to the QE Indenture, will invest such funds as described in the caption “Investment of Funds” below and will disburse the funds held in the QE Debt Service Reserve Fund solely for the payment of interest on and principal of the Qualified Obligations and only in the event that moneys in the Sinking Fund are insufficient to pay principal of and interest on the Qualified Obligations. If moneys in the QE Debt Service Reserve Fund will exceed the QE Debt Service Reserve Requirement from time to time, such excess will first be transferred to the Sinking Fund to pay a portion of the principal and interest due on the Qualified Obligations on the next Interest Payment Date, will second be transferred to the QE Rebate Fund to the extent required as described under the subcaption “QE Rebate Fund” below and will third be withdrawn by HHC with the consent of the Bond Bank and used for any other lawful purpose, subject, in each of the three foregoing cases, to the QE Trustee’s receipt of a Favorable Opinion of Bond Counsel.

Redemption of Qualified Obligations. Whenever the amounts contained in the Sinking Fund, Redemption Fund, Operation Fund and QE Debt Service Reserve Fund are sufficient, together with any other funds deposited with the QE Trustee by the Qualified Entity (other than amounts deposited into the QE Rebate Fund), to redeem, upon the next redemption date, all Qualified Obligations secured by the QE Indenture then outstanding after accounting for the intervening uses of such amounts, the QE Trustee will apply the amounts in such Funds to the redemption of such Qualified Obligations pursuant to the redemption provisions of the QE Indenture.

Purchase of Qualified Obligations. At the request of the Qualified Entity expressed by a certified resolution of its Board of Directors, the QE Trustee will withdraw funds from the Operation Fund or the Redemption Fund to be used for the redemption of Qualified Obligations or for the purchase of Qualified Obligations.

QE Rebate Fund. The QE Indenture creates the “Indianapolis-Marion County Building Authority Wishard Hospital Rebate Fund” (the “QE Rebate Fund”). Within the QE Rebate Fund, the QE Trustee will establish and create separate accounts for each series of Tax-Exempt Qualified Obligations issued under the QE Indenture. If, in order to maintain the exclusion of interest on any Qualified Obligations from gross income for federal income tax purposes under Section 103 of the Code or the designation of any Qualified Obligations as “build America bonds” under Section 54AA(d) of the Code and the qualification of such Qualified Obligations as “qualified bonds” under Section 54AA(g) of the Code, the Qualified Entity is required to rebate portions of investment earnings to the United States government, the Qualified Entity will annually cause to be computed the amount required to be so rebated, or, if the provisions of Section 148(f)(4)(C)(vii) of the Code apply, the Qualified Entity will semi-annually cause to be computed the amount of the penalty to be paid in lieu of rebate. Upon receipt of such computation, the QE Trustee will at the direction of the Qualified Entity deposit such amount in the QE Rebate Fund from the Project Fund, the Operation Fund or investment earnings on the Sinking Fund. The QE Trustee will pay required rebates or penalties from the QE Rebate Fund as directed by the Qualified Entity and as required by Section 148 of the Code. Such payments will be made by the QE Trustee without any further authorization or direction other than stated in the QE Indenture.

Investment of Funds

Investment of Funds. All funds will be invested by the QE Trustee at the direction of the Qualified Entity in Qualified Investments. Except as otherwise provided in the QE Indenture, during construction, all investment earnings will be deposited in the Project Fund. After the filing of the Affidavit of Completion, the QE Trustee will allocate interest earnings to the fund or account to which the earnings are allocable. Funds invested for the Sinking Fund and the QE Rebate Fund will mature prior to the time the funds invested will be needed for payment of principal of and interest on the Qualified Obligations. The QE Trustee is authorized to sell any securities so acquired from time to time in order to make required payments from a particular fund or account.

Additional Qualified Obligations

Additional Qualified Obligations may be issued, notwithstanding anything in the QE Indenture to the contrary, on a parity with the 2010 B Qualified Obligations subject to the terms and limitations set forth in the provisions described under this subcaption. So long as any contractor, subcontractor, materialman or laborer is asserting a claim against the Qualified Entity or against the Buildings, Additional Qualified Obligations may only be issued to pay such claim or judgment based upon such claim and costs and expenses related thereto, including court costs and attorneys fees. If no such claim is asserted against the Qualified Entity during the applicable statutory period for asserting such claims, or if any such claim is appropriately reserved against, Additional Qualified Obligations may also be issued to pay the costs of improvements to the Buildings or to finance a partial or total refunding of any of the Qualified Obligations. Additional Qualified Obligations will be limited to amounts which can be repaid, along with the 2010 B Qualified Obligations, from Fixed Annual Rental Payments paid by HHC pursuant to the Lease. The Fixed Annual Rental Payments pursuant to the Lease are limited as stated therein.

Upon the execution and delivery of an appropriate supplement to the QE Indenture, the Qualified Entity will execute and deliver to the QE Trustee and the QE Trustee will authenticate such Additional Qualified Obligations and deliver them as may be directed by the Qualified Entity. The Supplemental QE Indenture will specify, as to the Additional Qualified Obligations, the designation, date, denominations, numbering, interest rate or rates, maturities, redemption provisions, if any, payment provisions, the form of bond and any other appropriate terms. Prior to the delivery by the QE Trustee of Additional Qualified Obligations, there will be filed with the QE Trustee:

- (1) an executed counterpart of the Supplemental QE Indenture;
- (2) a copy, certified by the Secretary of the Board of Directors of the Qualified Entity, of the resolution, adopted by the Board of Directors of the Qualified Entity, authorizing the execution and delivery of the Supplemental QE Indenture and Additional Qualified Obligations;
- (3) a request and authorization to the QE Trustee by an officer of the Qualified Entity to authenticate and deliver such Additional Qualified Obligations to the purchasers therein identified upon payment to the QE Trustee of the purchase price, plus accrued interest to the date of delivery, as specified in the request and authorization;
- (4) an opinion of an independent certified public accountant, supported by appropriate calculations, stating that the Additional Qualified Obligations can be amortized, along with the 2010 B Qualified Obligations and all other outstanding Additional Qualified Obligations, from Fixed Annual Rental Payments pursuant to the Lease; and
- (5) an opinion of nationally recognized bond counsel to the effect that the issuance and sale of the Additional Qualified Obligations will not result in interest on any series of outstanding Additional Bonds, which is issued as obligations the interest on which is not included in gross income of the owners thereof for federal income tax purposes, becoming

included in the gross income of the owners thereof for federal income tax purposes or will not result in any series of outstanding Additional Qualified Obligations, which has been designated as “build America bonds” under Section 54AA(d) of the Code or as “qualified bonds” under Section 54AA(g) of the Code, from losing such designation or qualification, to the extent that such series of Additional Bonds was previously so qualified.

General Covenants of Qualified Entity

Observance of Covenants and Payment of Qualified Obligations. The Qualified Entity covenants that it will faithfully do and perform, and at all times faithfully observe, any and all covenants, undertakings, stipulations and provisions contained in the QE Indenture and in each and every Qualified Obligation and will duly and punctually pay or cause to be paid the principal of said Qualified Obligations and the interest and premium, if any, thereon, at the times and places, and in the manner mentioned in said Qualified Obligations, according to the true intent and meaning thereof.

Further Security. The Qualified Entity covenants that it will promptly make, execute and deliver all indentures supplemental to the QE Indenture, or otherwise, and take all such action as may reasonably be deemed by the QE Trustee or its counsel to be necessary or advisable for the better securing of any Qualified Obligations or as may be required to carry out the purposes of the QE Indenture.

Preparation of Annual Budget. The Qualified Entity covenants that it will annually cause to be prepared, for the succeeding fiscal year, a budget covering the cost of operation and maintenance of the Buildings, including provisions for reserves for non-recurring maintenance, and that such budget will be prepared sufficiently far in advance of such fiscal year to enable HHC to make the necessary tax levies for the Additional Annual Rental (as defined in the Lease). A copy of the annual budget will be furnished to the QE Trustee; provided, however, the QE Trustee will have no obligation to review any budget submitted under this subcaption.

Rules Regarding Operation of the Buildings. The Qualified Entity covenants that pursuant to the Lease, the Qualified Entity has transferred to HHC all of the use of the Buildings and the operation thereof, HHC will at all times maintain the Buildings in good repair and sound operating condition and will make all necessary repairs, renewals and replacements, and HHC will comply with all valid acts, rules and regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Buildings.

Existence; Compliance with Laws. The Qualified Entity covenants: (a) that it will maintain its existence, paying all license or other fees and making all returns necessary for that purpose; (b) that it will not do or suffer to be done anything whereby its existence or its right to lease the sites on which the Buildings are located might in any way be questioned; (c) that it will observe and comply with the terms of all applicable laws and ordinances of the State and any political or municipal subdivision thereof; (d) that it will duly observe and comply with all valid requirements of any governmental authority relative to the 2010 Project and the Buildings, or any part thereof; (e) that it will not create or suffer to be created any lien or charge upon the Buildings, or any part thereof, its leasehold interest in the leased land, or upon the QE Trust

Estate, except the lien and charge of the Qualified Obligations; and (f) that from the QE Trust Estate, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same will accrue, all lawful claims and demands for labor, materials or supplies; provided, however, that nothing in the provisions described under this subcaption will require the Qualified Entity to pay or cause to be discharged or make provisions for any claim, lien or charge so long as the validity thereof will be contested in good faith and by appropriate legal proceedings.

Payment of Taxes by QE Trustee. If HHC or the Qualified Entity should at any time fail to pay any tax, assessment or other charge in connection with the Buildings for which either of them are responsible, or any part thereof, or any license fee, franchise or corporation tax, or like statutory charge, the QE Trustee may, without obligation to inquire into the validity thereof, pay such tax, assessment, fee or other charge, but without prejudice to the rights of the QE Trustee arising under the QE Indenture in consequence of such default, and the amount of every payment so made at any time by the QE Trustee, with interest thereon at the highest rate of interest of any of the Qualified Obligations when sold, whether or not then outstanding, from the date of payment, will constitute an additional indebtedness of the Qualified Entity secured by the lien of the QE Indenture, prior or paramount to the lien under the QE Indenture of any said Qualified Obligations and the interest thereon.

Books of Record and Account. The Qualified Entity covenants that proper books of record and account will be kept, in which full, true and correct entries will be made of all dealings or transactions of or in relation to the properties, business and affairs of the Qualified Entity, and that it will:

(1) At such times as the QE Trustee will reasonably request, furnish statements in reasonable detail showing the revenues, expenses and financial condition of the Qualified Entity.

(2) From time to time furnish the QE Trustee such information as to the property of the Qualified Entity as the QE Trustee will reasonably request.

(3) On or before the expiration of one hundred twenty (120) days after the completion of the 2010 Project and if requested by the QE Trustee, furnish to the QE Trustee a detailed accounting, certified by one of its officers, an officer of HHC or an independent accountant, covering the operations of the Qualified Entity relating to the 2010 Project through the completion of the 2010 Project and showing the revenues, earnings and expenses for such period with respect to the 2010 Project. Such detailed accounting and reports will be available at all reasonable times for the inspection of any registered owner of the Qualified Obligations or his/her authorized agent. If the Qualified Entity fails to obtain and furnish such accounting, the QE Trustee may, in its discretion, procure such audit and report, and pay for the same from the Operation Fund, unless there are not sufficient funds in said Fund, in which case all monies paid by the QE Trustee for such audit and report, together with interest thereon at the highest rate of interest on any of the Qualified Obligations when sold, whether or not then outstanding, will be repaid by the Qualified Entity upon demand and will constitute an additional indebtedness of the Qualified Entity secured by the lien of the QE Indenture, prior and paramount to the lien under the QE Indenture of said Qualified Obligations and interest thereon. The QE Trustee, however,

will not be obligated to obtain such audit and report, unless fully indemnified against the expense thereof and furnished with means therefor.

(4) On or before the expiration of ninety (90) days after the end of each calendar year and if requested by the QE Trustee, file with the QE Trustee a certificate, signed by its President or Vice President of the Board of Directors, and Treasurer or Secretary of the Board of Directors, or signed by the Chairperson and the Secretary of the Board of Trustees of HHC, stating: (A) that all taxes then due on the Buildings have been duly paid (unless the Qualified Entity or HHC will, in good faith, contest any of said taxes, in which event the facts concerning such contest will be set forth); (B) that all insurance premiums required by the terms of the QE Indenture to be paid by the Qualified Entity upon the Buildings have been duly paid; and (C) that all reports have been filed and fees paid to maintain the Qualified Entity in good standing as required by law.

The Qualified Entity further covenants that all books, documents and vouchers relating to the properties, business and affairs of the Qualified Entity will at all times be open to the inspection of such accountants or other agents as the QE Trustee may from time to time designate.

Encumbrance of the Buildings. The Qualified Entity covenants that, except as otherwise permitted in the QE Indenture, it will not sell, or otherwise dispose of or encumber, the Buildings or any part thereof, and will not create or permit to be created, any charge or lien on the Fixed Annual Rental Payments or Other Income derived therefrom.

Incurring Indebtedness. The Qualified Entity covenants that it will not incur any indebtedness other than the 2010 B Qualified Obligations, except as permitted by the provisions in the caption “Additional Qualified Obligations” above or indebtedness payable from income of the Qualified Entity from some source other than the payments of Fixed Annual Rental Payments or Other Income under the Lease pledged under the QE Indenture, as long as any Qualified Obligations are outstanding thereunder, unless such indebtedness is payable within one (1) year and is incurred in connection with the operation and maintenance of the Buildings.

Use of Moneys Held in Project Fund. The Qualified Entity covenants that any moneys held in the Project Fund will be used for the following purposes:

(First) To the payment of the cost of the 2010 Project in accordance with the provisions described below in the subcaption “Lease; Renovation and Construction of the Buildings.” The costs of the 2010 Project will include but not be limited to the items set forth above in the subcaption “Project Fund.”

(Second) Any balance in excess of one hundred fifty percent (150%) of the amount of any disputed claims of contractors and work to be repaired remaining after the completion of the 2010 Project may be obligated within a period of one (1) year thereafter for any one or more of the following purposes upon written request of HHC: (a) for the purchase of equipment for the Buildings; (b) for the purchase of real estate adjacent to the real estate upon which the Buildings are located; or (c) for the improvement of the Buildings or for the improvement of any real estate subsequently purchased for uses in connection with the Buildings.

(Third) Any balance in excess of one hundred fifty percent (150%) of the amount of any disputed claims of construction and work to be repaired remaining unobligated after one (1) year from the filing of the Affidavit of Completion will be transferred to the funds or accounts designated by an Authorized Representative as described in the subcaption “Project Fund” above.

(Fourth) Any balance remaining after payment of all obligations authorized by the provisions described in Subsection (Third) above, will be transferred to the funds or accounts designated by an Authorized Representative within ten (10) days after the last payment of such obligations as provided in the subcaption “Project Fund” above.

Lease; Renovation and Construction of the Buildings. The Qualified Entity covenants that it has entered into a valid and binding Lease of the Buildings to HHC, and that a full, true and correct copy of the Lease is on file with the QE Trustee. The Qualified Entity further covenants that, upon the receipt by the Trustee of the proceeds of the 2010 B Bonds, it will forthwith proceed to renovate and/or construct the Buildings in accordance with the plans and specifications referred to in the Lease and will complete such renovation and construction with all expedition practicable in accordance with such plans and specifications, together with such changes therein as may be authorized by the Qualified Entity described in this subcaption. The Qualified Entity further covenants that it will not authorize, approve or permit any changes to be made in such plans and specifications, unless all of the following conditions exist:

(1) The proposed changes in the plans and specifications are approved in writing by HHC, as lessee;

(2) The proposed changes in the plans and specifications will not alter the character of the Buildings nor reduce the value thereof; and

(3) The proposed changes in the plans and specifications will not result in an increase in the cost of the 2010 Project exceeding the amount of the uncommitted funds of the Qualified Entity on hand which are not required for the completion of the renovation or construction, as the case may be, of the Buildings in accordance with the plans and specifications, interest on the 2010 B Qualified Obligations during the construction period and the payment of the incidental expenses incurred in connection with the 2010 Project.

Prior to the completion of the 2010 Project in accordance with the provisions described under this subcaption, performance of additional construction work or the purchase of equipment not specified in the Lease or incorporated therein by reference to the plans and specifications will be deemed a change or modification in the plans and specifications, subject to the requirements set forth in the provisions described under this subcaption.

Except for changes made in the plans and specifications pursuant to this subcaption, the Qualified Entity covenants that it will not agree to any modification of the terms of the Lease which would substantially impair or reduce the security of the owners of the Qualified Obligations described in the QE Indenture or agree to a reduction of the Fixed Annual Rental

Payments provided for therein other than in connection with a partial or total refunding of any of the Qualified Obligations, except upon compliance with the provisions described in the subcaption “Supplemental QE Indentures With Consent of Majority of Holders of Qualified Obligations” below. The Qualified Entity further covenants that any modification permitted by the provisions described under this subcaption will be made only after a copy thereof has been filed with the QE Trustee.

Pursuit of Remedies upon Default. The Qualified Entity covenants that upon any default in the payment of lease rental as provided in the Lease, it will file a suit to mandate the appropriation of sufficient funds and the levy of a tax sufficient to raise sufficient funds, and pursue any remedy permitted by law and necessary to collect and enforce the payment of such rentals. The Qualified Entity further appoints the QE Trustee and each registered owner of the Qualified Obligations (subject to the provisions described in the subcaption “Limitation of Rights” below) its attorney-in-fact, each authorized, acting alone, jointly or severally, to file such claims in its name, or provided the QE Trustee consents thereto, in the name of the QE Trustee, or in both such manners, to file such suits and to pursue such remedies.

Insurance

Insurance During Construction. The Qualified Entity covenants that during the 2010 Project referred to in the Lease, it will carry or will cause other persons to carry for its benefit the following kinds of insurance:

(1) Builder’s risk insurance in the cumulative amount of one hundred percent (100%) of the insurable value of such Buildings against physical loss or damage thereto, however caused, with such exceptions as are ordinarily required by insurers of buildings or facilities of a similar type. Such insurance will be carried in completed value form and, if carried by a contractor, will name the Qualified Entity and HHC as insureds.

(2) Comprehensive general liability policy for bodily injury and property damage insurance naming the Qualified Entity and HHC as insureds against claims for damages for bodily injury, including accidental death, as well as claims for property damages on or adjacent to the job site or elsewhere if connected with the construction of the 2010 Project. Such insurance will be carried for not less than the following limits of liability for the policies indicated:

Combined bodily injury insurance, including accidental death, and property damage insurance in an amount not less than Three Million Dollars (\$3,000,000) combined single limit on account of each occurrence.

The Qualified Entity further covenants that all contracts for the renovation and construction of said Buildings will or do require the contractor to carry such insurance as will protect the contractor from liability under Indiana Worker’s Compensation and Worker’s Occupations Diseases Acts.

Insurance After Completion. The Qualified Entity covenants that after completion of the 2010 Project, it will carry or cause to be carried:

(1) Insurance on the Buildings against physical loss or damage thereto, however caused, with such exceptions as are ordinarily required by insurers of buildings or facilities of a similar type, which insurance will be in an amount at least equal to the greater of (a) the option to purchase price set forth in the Lease or (b) one hundred percent (100%) of the full replacement cost of the Buildings as certified by an architect, engineer or insurance consultant in accord with the Lease;

(2) Rent or rental value insurance in an amount equal to the full rental value of the Buildings for a period of two and one-half (2 ½) years against physical loss or damage of the type insured against under the provisions described under clause (1) above; and

(3) Worker's compensation insurance with respect to employees of the Qualified Entity assigned to the Buildings.

Repair, Replacement or Reconstruction of Property. Subject to the terms of the Lease, the proceeds of such insurance (other than rental value insurance received by the QE Trustee which represents annual fixed rental payments under the Lease) received by the QE Trustee will be applied to the repair, replacement or reconstruction of the damaged or destroyed property. Such proceeds will be held and disbursed by the QE Trustee in the manner and upon the showings provided for in the provisions described under the subcaption "Structure of QE Indenture Funds - Project Fund" above, except that the QE Trustee may release such proceeds, or a part thereof, upon a showing satisfactory to the QE Trustee that repairs, replacements or reconstructions have been made and paid for.

QE Trustee's Repair, Replacement or Reconstruction of Property. In the event the Qualified Entity does not commence to repair, replace or reconstruct the Buildings so damaged or destroyed as contemplated by the provisions described under the subcaption "Repair, Replacement or Reconstruction of Property" above, within ninety (90) days after any such damage or destruction, or the Qualified Entity, having commenced such work of repair, replacement or reconstruction, abandons or fails diligently to prosecute the same, the QE Trustee may, in its discretion, make or complete such repairs, replacements or reconstructions, and if it elects to do so, may enter upon said premises to any extent necessary for the accomplishment of such purposes, provided, nothing contained in the QE Indenture will obligate the QE Trustee to make or complete any such repairs, replacements or reconstructions, and provided further, the QE Trustee may not make or complete such repairs, replacements or reconstructions if HHC has instructed the Qualified Entity not to undertake such work in accordance with the Lease.

Use of Insurance Proceeds upon Failure to Repair, Replace or Reconstruct Property. In case (1) the Qualified Entity neglects, fails or refuses to proceed forthwith in good faith with the repair, replacement or reconstruction of the Buildings which have been so damaged or destroyed, and such negligence, failure or refusal continues for one hundred twenty (120) days, or (2) if HHC has instructed the Qualified Entity not to undertake such work in accordance with the Lease, the QE Trustee, upon receipt of the insurance moneys, will (unless the QE Trustee proceeds to make the repairs, replacements or reconstructions of the destroyed or damaged property as provided in the provisions described under the subcaption "QE Trustee's Repair, Replacement or Reconstruction of Property" above) apply such proceeds in the following manner:

(1) If the proceeds are sufficient to redeem all of the then outstanding Qualified Obligations, the QE Trustee will apply the proceeds to the redemption of such Qualified Obligations at any time, at the redemption prices and in the manner provided in the QE Indenture and with the same force and effect as if such redemption had been made at the option of the Qualified Entity.

(2) If the proceeds are not sufficient to redeem all of the then outstanding Qualified Obligations, the QE Trustee will apply the proceeds to the partial redemption of outstanding Qualified Obligations at any time, at the redemption prices provided in the QE Indenture, ratably without preference or priority of any one Qualified Obligations over any other Qualified Obligations, or of interest over principal or redemption price, of principal over interest or redemption price, or of redemption price over interest or principal, or of any installment of interest over any other installment of interest.

Redemption. Notwithstanding the provisions described under the subcaption “Repair, Replacement or Reconstruction of Property” above, if, at any time, the Buildings are totally or substantially destroyed and the amount of insurance money received on account thereof by the QE Trustee is sufficient to redeem all of the then outstanding Qualified Obligations and such Qualified Obligations are then subject to redemption, the Qualified Entity, at the written request of HHC, will direct the QE Trustee to use said moneys for the purpose of calling for redemption all of the Qualified Obligations issued and then outstanding under the QE Indenture at the then current redemption price.

Construction of New Buildings. In the event of any reconstruction of any building constituting part of the Buildings after substantially total destruction thereof, a new building or buildings on the premises may be constructed by the Qualified Entity in accordance with plans and specifications which must be satisfactory to HHC, and such new building or buildings may be wholly different in design or construction or designed for a different governmental purpose, but in no event will any actions taken pursuant to the provisions described under this subcaption impair any of the obligations of the Qualified Entity or HHC under the Lease.

Condemnation. In the event all or part of the Buildings are taken by exercise of the power of eminent domain, the net proceeds of any condemnation award will be deposited with the QE Trustee and disbursed in the same manner that insurance proceeds are disbursed pursuant to the provisions described under the five preceding subcaptions.

Events of Default and Remedies

Events of Default. If any of the following events occurs, it is defined as and is declared to be and to constitute an “Event of Default”:

(1) Default in the payment on the due date of the interest on any Qualified Obligations secured by the QE Indenture and outstanding;

(2) Default in the payment on the due date of the principal of or premium on any Qualified Obligation secured by the QE Indenture, whether at the stated maturity thereof, or upon proceedings for the redemption thereof or upon the maturity thereof by declaration as

provided in the provisions described under the subcaption “Acceleration of Qualified Obligations” below;

(3) Default in the performance or observance of any other of the covenants or agreements of the Qualified Entity in the QE Indenture or in the Qualified Obligations, and the continuance thereof for a period of sixty (60) days after written notice thereof to the Qualified Entity by the QE Trustee;

(4) The Qualified Entity: (a) admits in writing its inability to pay its debts generally as they become due; (b) files a petition in bankruptcy; (c) makes an assignment for the benefit of its creditors; or (d) consents to or fails to contest the appointment of a receiver or trustee for itself or of the whole or any substantial part of the Buildings or the QE Trust Estate;

(5) (a) The Qualified Entity is adjudged insolvent by a court of competent jurisdiction; (b) the Qualified Entity, on a petition in bankruptcy filed against the Qualified Entity, is adjudged bankrupt; or (c) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Qualified Entity, a receiver or trustee of the Qualified Entity or of the whole or any substantial part of the Buildings, the QE Trust Estate or the Fixed Annual Rental Payments, and any of the aforesaid adjudications, orders, judgments or decrees is not vacated, set aside or stayed within sixty (60) days from the date of entry thereof;

(6) Any judgment is recovered against the Qualified Entity or any attachment or other court process issues that becomes or creates a lien upon any of the QE Trust Estate, and such judgment, attachment or court process is not discharged or effectually secured within sixty (60) days;

(7) The Qualified Entity files a petition under the provisions of the United States Bankruptcy Code or files an answer seeking the relief provided in said Bankruptcy Code;

(8) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against the Qualified Entity under the provisions of said Bankruptcy Code, and such judgment, order or decree is not vacated, set aside or stayed within one hundred twenty (120) days from the date of the entry thereof;

(9) Under the provisions of any other law now or hereafter existing for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Qualified Entity or of the whole or any substantial part of the Buildings, the QE Trust Estate or the Fixed Annual Rental Payments, and such custody or control is not terminated within one hundred twenty (120) days from the date of assumption of such custody or control;

(10) Failure of the Qualified Entity to bring suit to mandate the governing board or officials of HHC or the City-County Council of the City of Indianapolis and of Marion County, Indiana, to levy a tax to pay the Fixed Annual Rental Payments provided in the Lease, or such other action to enforce the Lease as is reasonably requested by the QE Trustee, if such Fixed Annual Rental Payments are more than ninety (90) days in default; or

(11) Any event of default occurs under the Lease.

Acceleration of Qualified Obligations. In the case of the happening and continuance of any of the Events of Default described in the subcaption “Events of Default” above, then, in any such case, the QE Trustee, by notice in writing mailed to the Qualified Entity, may, and upon written request of the registered owners of twenty-five percent (25%) in principal amount of the Qualified Obligations then outstanding under the QE Indenture will, declare the principal of all Qualified Obligations secured by the QE Indenture and then outstanding, and the interest accrued thereon, immediately due and payable, and upon such declaration such principal and interest will become and be immediately due and payable; subject, however, to the right of the registered owners of a majority in principal amount of all such outstanding Qualified Obligations, by written notice to the Qualified Entity and to the QE Trustee, to annul each declaration and destroy its effect at any time, if all agreements, with respect to which a default thereunder has resulted in the occurrence of an Event of Default, are fully performed and all such Events of Defaults are cured, and all arrears of interest upon all Qualified Obligations outstanding thereunder and the reasonable expenses and charges of the QE Trustee, its agents and attorneys, and all other indebtedness secured by the QE Indenture, except the principal of any Qualified Obligations not then due by their terms and interest accrued thereon since the then last Interest Payment Date, are paid or the amount thereof is paid to the QE Trustee for the benefit of those entitled thereto.

Default Rate of Interest. If an Event of Default occurs with respect to the payment of principal or interest due under the QE Indenture, interest will be payable on overdue principal at the highest rate of interest set forth on any of the Qualified Obligations, whether or not then outstanding.

Other Remedies. In case of the happening and continuance of any of the Events of Default described in the subcaption “Events of Default” above, the QE Trustee may, and will upon the written request of the registered owners of at least twenty-five percent (25%) in principal amount of the Qualified Obligations then outstanding under the QE Indenture and upon being indemnified to its reasonable satisfaction, proceed to protect and enforce its rights and the rights of the registered owners of the Qualified Obligations by suit or suits in equity or at law, in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the QE Indenture or in aid of any power therein granted, or for any foreclosure thereof or thereunder, or for the enforcement of any other appropriate legal or equitable remedy, including, without limitation, any remedies referred to in the subcaption “Pursuit of Remedies Upon Default” above.

No remedy by the terms of the QE Indenture conferred upon or reserved to the QE Trustee or to the registered owners is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given under the QE Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power, or will be construed to be a waiver of any such Event of Default or acquiescence therein. Every such right or power may be exercised from time to time and as often as may be deemed expedient.

Appointment of Receiver. In case of an Event of Default under the QE Indenture and upon the filing of judicial proceedings to enforce the rights of the QE Trustee and the registered owners under the QE Indenture, the QE Trustee will be entitled to the appointment of a receiver of the rents, revenues, issues, earnings, income and proceeds thereof pending such proceedings, with such powers as the court making such appointment will confer, whether or not such amounts will be deemed sufficient ultimately to satisfy the indebtedness secured by the QE Indenture.

Enforcement of Rights. All rights of action under the QE Indenture or under any of the Qualified Obligations, including the right to file and prove a claim in any receivership, insolvency, bankruptcy or other similar proceedings for the entire amount due and payable by the Qualified Entity under the QE Indenture, may be enforced by the QE Trustee without the possession of any of the Qualified Obligations or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the QE Trustee will be brought in its name as QE Trustee, and any recovery will be for the equal benefit of the registered owners of the outstanding Qualified Obligations.

Limitation of Rights. It is declared and agreed, as a condition upon which each successive registered owner of all or any such Qualified Obligations receives and holds the same, that no registered owner or registered owners of any such Qualified Obligation will have the right to institute any proceeding at law or in equity for the foreclosure of the QE Indenture, or for the appointment of a receiver, or for any other remedy under the QE Indenture, without first giving notice in writing to the QE Trustee of the occurrence and continuance of an Event of Default, and unless the registered owners of at least twenty-five percent (25%) in principal amount of the then outstanding Qualified Obligations will have made written request to the QE Trustee and will have offered it reasonable opportunity either to proceed to exercise the powers granted by the QE Indenture or to institute such action, suit or proceeding in its own name, and without also having offered to the QE Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred by the QE Trustee therein or thereby. Such notice, request and offer of indemnity may be required by the QE Trustee as conditions precedent to the execution of the powers and trusts of the QE Indenture or to the institution of any suit, action or proceeding at law or in equity for the foreclosure of the QE Indenture, for the appointment of a receiver, or for any other remedy under the QE Indenture, or otherwise, in case of any such Event of Default as aforesaid. No one or more registered owners of the Qualified Obligations will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the QE Indenture by such owner's or owners' action, or to enforce any right under the QE Indenture, except in the manner provided in the QE Indenture. All proceedings at law or in equity will be instituted, had and maintained in the manner provided in the QE Indenture and for the equal benefit of all registered owners of outstanding Qualified Obligations. Notwithstanding any other provisions of the QE Indenture, the right of any registered owner of any Qualified Obligation to receive payment of the principal of and interest on such Qualified Obligation on or after the respective due dates therein expressed or to institute suit for the recovery of any such payment on or after such respective dates will not be impaired or affected without the consent of such registered owner.

Limitation of Liability. No recourse under or upon any obligation, covenant or agreement contained in the QE Indenture or in any Qualified Obligation secured by the QE Indenture, or because of the creation of any indebtedness secured by the QE Indenture, will be had against any officer, director, trustee, employee, or agent, past, present or future, of the Qualified Entity or any successor thereto, either directly or through the Qualified Entity, by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any statute or otherwise. The QE Indenture and the obligations thereby secured are solely corporate obligations. No personal liability whatsoever will attach to or be incurred by such officers, directors, trustees, employees or agents of the Qualified Entity, or of any successor thereto, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the QE Indenture, or in any of the Qualified Obligations thereby secured, or implied therefrom. Any and all personal liability of every name and nature, and any and all rights and claims against every such officer, trustee, director, employee, or agent, whether arising at common law, or in equity, or created by statute or constitution, are expressly released and waived as a condition of, and as a part of the consideration for, the execution of the QE Indenture and the issuance of Qualified Obligations secured by the QE Indenture.

Possession Until Default; Defeasance, Payment, Release

Possession of Buildings Until Default. Unless an Event of Default will have occurred, and unless such Event of Default will have continued beyond the period of grace, if any, provided by the QE Indenture, the Qualified Entity will be suffered and permitted to remain in full possession, enjoyment and control of all of the Buildings and will be permitted to manage, operate and lease the same, and, subject always to the provisions of the QE Indenture, to receive, receipt for, take, use and dispose of all income, revenues, rents, issues and profits thereof, but the QE Trust Estate is expressly required to be deposited with the QE Trustee.

Preservation of Buildings. While in possession of the Buildings and no Event of Default has occurred and is continuing under the QE Indenture, the Qualified Entity will have the right at all times, as proper management of the business of the Qualified Entity may require, to alter, change, add to, repair or replace any of the property constituting a part of the Buildings, provided that the Qualified Entity will, and covenants at all times to, maintain and preserve the value of the Buildings from substantial impairment or reduction so that the security of the Qualified Obligations will not thereby be substantially impaired or reduced.

Release of QE Trust Estate. The QE Trustee will at all times have full power and authority, to be exercised in its own discretion and not otherwise, to release from the lien and operation of the QE Indenture, in such manner and subject to such conditions as the QE Trustee will deem proper, such portion of the QE Trust Estate now owned, or which will at any time be acquired or held for the use of the Qualified Entity, as will have become unfit or unnecessary for use, but any and all new or other property of the classes covered by the QE Indenture, which may be acquired in substitution for QE Trust Estate so released, will by virtue and force of the QE Indenture become and be, immediately upon the acquisition thereof, subject to the lien and operation of these presents, without any new conveyance or transfer or other act or proceeding whatsoever. All releases granted and consents given by the QE Trustee under the provisions

described under this subcaption will be in writing, and copies of the same will be retained by the QE Trustee and be open to inspection by registered owners of the Qualified Obligations secured by the QE Indenture. A certified copy of the resolution adopted by the Board of Directors of the Qualified Entity relative to the disposal of the QE Trust Estate found to be unfit or unnecessary for use will be conclusive in favor of the QE Trustee as to the truth of the matters therein recited.

Defeasance.

(1) (a) If, when the Qualified Obligations or any portion thereof secured by the QE Indenture will have become due and payable in accordance with their terms or will have been duly called for redemption or irrevocable instructions to call such Qualified Obligations or any portion thereof for redemption will have been given by the Qualified Entity to the QE Trustee, and the whole amount of the principal, premium, if any, and the interest so due and payable upon such Qualified Obligations or any portion thereof then outstanding will be paid or (i) sufficient money, or (ii) Government Obligations which are noncallable by the issuer thereof, the principal of and the interest on which when due, without reinvestment, will provide sufficient money, or (iii) a combination of sufficient money and such Government Obligations, will be held by the QE Trustee (or any Paying Agent) for such purpose under the provisions of the QE Indenture, and provision will also be made for paying all QE Trustee's and Paying Agents' fees and expenses (including counsel fees) and other sums payable under the QE Indenture by the Qualified Entity, then and in that case the Qualified Entity will be released from all liability on such Qualified Obligations, such Qualified Obligations will no longer be deemed to be outstanding under the QE Indenture, and in the event the foregoing will apply to all Qualified Obligations secured by the QE Indenture, the right, title and interest of the QE Trustee will thereupon cease, determine and become void.

(b) Upon any such termination of the QE Trustee's title, on demand of the Qualified Entity, the QE Trustee will release the QE Indenture and will execute such documents to evidence such release as may be reasonably required by the Qualified Entity and will turn over to the Qualified Entity or to such officer, board or body as may then be entitled by law to receive the same any surplus in the Sinking Fund and the Operation Fund and all balances remaining in any other fund or accounts, other than moneys and obligations held for the redemption or payment of Qualified Obligations. In the event money and/or Government Obligations will be deposited with and held by the QE Trustee (or any Paying Agent) as provided in the QE Indenture, in addition to the requirements set forth in certain redemption provisions of the QE Indenture, the QE Trustee will, within thirty (30) days after such money and/or Government Obligations have been deposited, cause a notice signed by the QE Trustee to be mailed to the owners of such Qualified Obligations setting forth (i) the date designated for the redemption of such Qualified Obligations, (ii) a description of the General Obligations so held by it, (iii) that the registered owners of such Qualified Obligations are entitled to be paid principal and interest from such funds and income of such securities held by the QE Trustee and not from the Sinking Fund or the Qualified Entity, (iv) that the Qualified Entity is released from all liability with respect to such Qualified Obligations, and (v) in the event the redemption applies to all Qualified Obligations secured by the QE Indenture, that the QE Indenture has been released in accordance with the provisions described under this subcaption.

(2) If (a) sufficient money, or (b) Government Obligations, which are noncallable by the issuer thereof, the principal of and interest on which when due, without reinvestment, will provide sufficient money or (c) a combination of sufficient money and such Government Obligations are held by the QE Trustee (or any Paying Agent) for the payment of the whole amount of the principal and the interest upon the Qualified Obligations under the provisions of the QE Indenture, and provision is made for paying all QE Trustee's and Paying Agents' fees and expenses (including counsel fees) related thereto and other sums payable under the QE Indenture by the Qualified Entity, such Qualified Obligations will not be deemed outstanding under the QE Indenture, and the registered owners of the Qualified Obligations will be entitled to payment of principal and interest from such funds and income of such obligations and not from the Sinking Fund or the Qualified Entity. The QE Trustee will, within thirty (30) days after such money and/or Government Obligations have been deposited, cause a notice signed by the QE Trustee to be mailed to the owners of the Qualified Obligations setting forth a description of the money and/or Government Obligations so held by it and a description of the Qualified Obligations payable from such money and/or Government Obligations and providing that the registered owners are entitled to be paid principal and interest from such money and/or Government Obligations and the income thereof held by the QE Trustee and not from the Sinking Fund or the Qualified Entity.

(3) All money and Government Obligations held by the QE Trustee (or any Paying Agent) pursuant to this subcaption will be held irrevocably in trust and such money and the principal and interest of such Government Obligations when received, will be applied to the payment, when due, of the principal of and the interest and premium, if any, on the Qualified Obligations.

Effect of Defeasance. Any Qualified Obligation not presented at the proper time and place for payment will, within the meaning of the QE Indenture, be deemed to be fully paid when due if the money necessary to discharge the principal amount thereof and all interest then accrued and unpaid thereon and any premium is held by the QE Trustee or any Paying Agent when or before the same become due. The registered owner of any such Qualified Obligation will not be entitled to any interest thereon after the maturity thereof nor to any interest upon money so held by the QE Trustee or any Paying Agent.

Supplemental QE Indentures

Supplemental QE Indentures Without Consent of Holders of Qualified Obligations. The Qualified Entity and the QE Trustee, without notice to or consent of any Holders of Qualified Obligations, may, from time to time and at any time, enter into indentures supplemental to the QE Indenture (which Supplemental QE Indentures will thereafter form a part of the QE Indenture):

(1) To cure any ambiguity or formal defect or omission in the QE Indenture or in any Supplemental QE Indenture; or

(2) To grant to or confer upon the QE Trustee, for the benefit of the registered owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the registered owners or the QE Trustee; or

(3) To provide for the issuance of Additional Qualified Obligations as described in the caption “Additional Qualified Obligations” above; or

(4) To procure a rating on the Qualified Obligations from a nationally recognized securities rating agency designated in such Supplemental QE Indenture, if such Supplemental QE Indenture will not adversely affect the owners of the Qualified Obligations; or

(5) To secure or maintain bond insurance with respect to the Qualified Obligations; or

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

(7) To evidence the appointment of a separate or co-QE Trustee or the succession of a new QE Trustee or Paying Agent; or

(8) To make any other change, which, in the determination of HHC in its sole discretion, is not to the prejudice of the owners of the Qualified Obligations.

Supplemental QE Indentures With Consent of Majority of Holders of Qualified Obligations. Subject to the terms and provisions contained in this subcaption, and not otherwise, the registered owners of not less than a majority in aggregate principal amount of the Qualified Obligations then outstanding will have the right, from time to time and at any time, anything contained in the QE Indenture to the contrary notwithstanding, to consent to and approve the execution by the Qualified Entity and the QE Trustee of such indenture or indentures supplemental to the QE Indenture as will be deemed necessary or desirable by the Qualified Entity for the purpose of modifying or amending in any particular any of the terms or provisions contained in the QE Indenture or in any Supplemental QE Indenture; provided, however, that nothing contained in the QE Indenture will permit or be construed as permitting:

(1) an extension of the maturity of the principal of or interest or premium, if any, on any Qualified Obligation, or an advancement of the earliest redemption date on any Qualified Obligation, without the consent of the holder of each Qualified Obligation so affected; or

(2) a reduction in the principal amount of any Qualified Obligation or the rate of interest thereon or the premium payable upon redemption thereof, or a change in the monetary medium in which such amounts are payable, without the consent of the holder of each Qualified Obligation so affected; or

(3) the creation of a lien upon the QE Trust Estate ranking prior to or on a parity with the lien created by the QE Indenture, without the consent of the holders of all Qualified Obligations then outstanding; or

(4) a preference or priority of any Qualified Obligation over any other Qualified Obligation, without the consent of the holders of all Qualified Obligations then outstanding; or

(5) a reduction in the aggregate principal amount of the Qualified Obligations required for consent to such Supplemental QE Indenture, without the consent of the holders of all Qualified Obligations then outstanding.

Nothing contained in this subcaption, however, will be construed as making necessary the approval by the registered owners of the execution of any Supplemental QE Indenture or Indentures described under the subcaption “Supplemental QE Indentures Without Consent of Holders of Qualified Obligations.”

If at any time the Qualified Entity requests the QE Trustee to enter into any Supplemental QE Indenture for any of the purposes of this subcaption, the QE Trustee will, at the expense of the Qualified Entity, give notice by mail, postage prepaid, to all registered owners of the Qualified Obligations. Such notice will briefly set forth the nature of the proposed Supplemental QE Indenture and will state that a copy thereof is on file at the office of the QE Trustee for inspection by all registered owners. The QE Trustee will not, however, be subject to any liability to any registered owner by reason of its failure to mail the notice required by the provisions described in this subcaption, and any such failure will not affect the validity of such Supplemental QE Indenture when consented to and approved as provided in this subcaption.

Whenever, at any time within one (1) year after mailing of such notice, the Qualified Entity delivers to the QE Trustee an instrument or instruments purporting to be executed by the registered owners of a majority in aggregate principal amount of the Qualified Obligations then outstanding, which instrument or instruments refers to the proposed Supplemental QE Indenture described in such notice and specifically consents to and approves the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the QE Trustee, thereupon, but not otherwise, the QE Trustee may execute such Supplemental QE Indenture in substantially such form, without liability or responsibility to any registered owner of any Qualified Obligation, whether or not such registered owner has consented thereto.

No registered owner of any Qualified Obligation will have any right to object to the execution of such Supplemental QE Indenture or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the QE Trustee or the Qualified Entity from executing the same or taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental QE Indenture pursuant to the provisions of this subcaption, the QE Indenture will be, and will be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under the QE Indenture of the Qualified Entity, the QE Trustee and all registered owners of Qualified Obligations then outstanding will thereafter be determined, exercised and enforced under the QE Indenture, subject in all respects to such modifications and amendments.

Effect of Supplemental QE Indentures. The QE Trustee is authorized to join with the Qualified Entity in the execution of any such Supplemental QE Indenture and to make the further agreements and stipulations which may be contained therein. Any Supplemental QE Indenture executed in accordance with the provisions of this caption will thereafter form a part of the QE

Indenture, and all the terms and conditions contained in any such Supplemental QE Indenture as to any provision authorized to be contained therein will be, and will be deemed to be, part of the terms and conditions of the QE Indenture for any and all purposes.

Opinion of Counsel. The QE Trustee will be entitled to receive, and will be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Qualified Entity, as conclusive evidence that any such proposed Supplemental QE Indenture complies with the provisions of the QE Indenture, and that it is proper for the QE Trustee, under the provisions of the QE Indenture, to join in the execution of such Supplemental QE Indenture.

Supplemental QE Indentures With Unanimous Consent of Holders of Qualified Obligations. Notwithstanding anything contained in the foregoing provisions of the QE Indenture, the rights, duties and obligations of the Qualified Entity and the registered owners of the Qualified Obligations and the terms and provisions of the Qualified Obligations and the QE Indenture or any Supplemental QE Indenture may be modified or amended, from time to time and at any time, in any respect, with the consent of the Qualified Entity and the registered owners of all the Qualified Obligations then outstanding.

THE LEASE AND THE SERIES 2010 B QUALIFIED ENTITY PURCHASE AGREEMENT

The following is a brief description of certain provisions of the Lease and the Series 2010 B Qualified Entity Purchase Agreement and does not purport to comprehensively describe those documents.

Operation, Maintenance and Repair; Alterations; Personal Property

HHC will operate, maintain and repair the Leased Premises during the term of the Lease so as to keep the Leased Premises in good repair, working order and condition at HHC's sole expense, and the Qualified Entity will have no obligations to operate, maintain and/or repair the Leased Premises, or to keep the Leased Premises in good repair, working order or condition, during the term of the Lease. HHC will use and maintain the Leased Premises in accordance with the laws, regulations and ordinances of the United States of America, the State and all other proper governmental authorities and the provisions contained in the QE Indenture.

HHC will have the right, at its own expense, without the consent of the Qualified Entity, to make all alterations, modifications and additions and to do all improvements it deems necessary or desirable to the Leased Premises, which do not reduce the rental value thereof and which will become part of the Leased Premises. At the end of the term of each Addendum to the Lease (or, if shorter, the term of separately identified Leased Premises in an Addendum, which provides for different terms for separately-identified Leased Premises in such Addendum), HHC will deliver the buildings subject to such Addendum (or included in such Leased Premises) to the Qualified Entity in as good condition as at the beginning of the term of such Addendum, reasonable wear and tear excepted. Equipment or other personal property which becomes worn out or obsolete may be discarded or sold by HHC. HHC need not replace such personal property, but may replace such property at its own expense, which replacement property will belong to HHC.

HHC will, at least on a monthly basis, beginning on or about March 31, 2010, and on or about the last day of each month thereafter, until the completion Addenda in the form of Exhibit B attached to the Lease for all Addenda in the form of Exhibit A attached to the Lease have been executed and delivered, provide the Qualified Entity with a written progress report containing such items as may reasonably be requested by the Qualified Entity to be contained therein and, if requested by the Qualified Entity, will also provide an oral presentation to the Qualified Entity concerning the same. Thereafter, during the term of the Lease, HHC will provide to the Qualified Entity at least on an annual basis by on or about April 30 of each year a report concerning the operation and maintenance of the Leased Premises containing such items as may be reasonably requested by the Qualified Entity.

Other Insurance

In addition to the property and casualty insurance and rental interruption insurance described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS - The Lease" above, the Lease requires HHC, during the full term of the Lease, to carry, at its own expense, combined bodily injury insurance, including accidental death, and property damage with reference to the Leased Premises in an amount not less than Three Million Dollars (\$3,000,000) combined single limit on account of each occurrence with one or more good and responsible insurance companies or under a self-insurance program of the type which is utilized by other Indiana hospitals operating under Indiana Code 16-22, as amended.

In addition, in connection with any construction, HHC will maintain in full force and effect a builder's completed value risk policy ("Builder's Risk Policy") of insurance in a nonreporting form insuring against all "Special Form" risk of physical loss or damage to the Leased Premises, including, but not limited to, risk of loss from fire and other hazards, collapse, transit coverage, vandalism, malicious mischief, theft, earthquake (if the Leased Premises are in earthquake zone 1 or 2) and sinkholes (if usually recommended in the area of the Leased Premises). The Builder's Risk Policy will include endorsements providing coverage for building materials and supplies and temporary premises. The Builder's Risk Policy will be in the amount of the full replacement value of the Leased Premises and will contain a deductible amount acceptable to the Qualified Entity. The Qualified Entity will be named as an additional insured. The Builder's Risk Policy will include an endorsement permitting initial occupancy.

Furthermore, during the full term of the Lease, HHC will, at no expense to the Qualified Entity, carry such insurance as will protect HHC from liability under the Indiana Worker's Compensation and Worker's Occupations Diseases Acts and will require any contractors performing any work on the Leased Premises to carry such insurance as will protect the contractor from liability under Indiana Worker's Compensation and Worker's Occupations Diseases Acts. In each case, such insurance will be in such form as will protect the Qualified Entity, with respect to the Leased Premises, from liability under the Indiana Worker's Compensation and Worker's Occupations Diseases Acts.

Damage to Leased Premises; Abatement of Rent

In the event the Leased Premises are partially or totally destroyed, whether by fire or any other casualty, so as to render the same unfit, in whole or part, for use by HHC, (1) it will then be the obligation of the Qualified Entity to restore and rebuild the Leased Premises as promptly as may be done, unavoidable strikes and other causes beyond the control of the Qualified Entity excepted, in accordance with the provisions of the QE Indenture regarding insurance, some of which are described under the subcaption "THE QE INDENTURE - Insurance" above; provided, however, that the Qualified Entity will not be obligated to expend on such restoration or rebuilding more than the amount of the proceeds received by the Qualified Entity from the insurance provided for under the Lease, and provided further, the Qualified Entity will not be required to rebuild or restore the Leased Premises if HHC instructs the Qualified Entity not to undertake such work because HHC anticipates that either (a) the cost of such work exceeds the amount of insurance proceeds and other amounts available for such purpose, or (b) the same cannot be completed within the period covered by rental value insurance, and (2) the rent will be abated for the period during which the Leased Premises or any part thereof is unfit for use by HHC, in proportion to the percentage of the area of the Leased Premises which is unfit for use by HHC. HHC will promptly notify the Qualified Entity whether or not it wants the Qualified Entity to restore and rebuild the Leased Premises so as to not impair the ability of the Qualified Entity to comply with its obligations under the provisions in the QE Indenture described under the subcaptions "THE QE INDENTURE - Insurance - QE Trustee's Repair, Replacement or Reconstruction of Property" and "- Use of Insurance Proceeds upon Failure to Repair, Replace or Reconstruct Property" above.

In the event the damaged Leased Premises are to be restored or rebuilt, HHC, in its capacity as the agent or assignee of the Qualified Entity, will promptly proceed to commence the repair, replacement or reconstruction of the Leased Premises within ninety (90) days after the date of any such damage or destruction and will diligently prosecute such repair, replacement or reconstruction.

If HHC so instructs the Qualified Entity not to undertake such work, HHC will use the insurance proceeds and other amounts available to exercise its option to purchase under the provisions described under the subcaption "Option to Purchase Leased Premises" below, and it will be the sole responsibility of HHC in accordance with the laws and ordinances of the United States of America, the State and all other proper governmental authorities and the provisions of the QE Indenture to take such actions as are necessary so that the Leased Premises do not pose a hazard to the general public and to promptly restore or remove the damaged Leased Premises at its own expense and at no expense or liability to the Qualified Entity. Notwithstanding the foregoing, HHC covenants and agrees to pay that portion of the rental obligations under the Lease which are not abated pursuant to the provision described in clause (2) in the preceding paragraph.

Option to Purchase Leased Premises

The Qualified Entity has granted to HHC the right and option, on any date prior to the expiration of the Lease, upon written notice to the Qualified Entity, to purchase the Leased Premises or any portion thereof at a price equal to the amount required to enable the Qualified Entity to pay or defease all indebtedness of the Qualified Entity relating to the Leased Premises or such portion, as the case may be, including the Qualified Obligations related to the Leased

Premises or portion thereof, with accrued and unpaid interest to the date on which such indebtedness will be redeemed and all premiums payable on the redemption thereof, all expenses and obligations of the Qualified Entity incurred by the Qualified Entity under the Lease and the expenses and the cost of transferring the Leased Premises or portion thereof.

Upon request of HHC, the Qualified Entity will furnish an itemized statement setting forth the amounts required to be paid by HHC on a date selected by HHC in order to purchase the Leased Premises or portion thereof in accordance with the provisions described in the previous paragraph.

If HHC exercises its option to purchase, it will pay to the QE Trustee that portion of the purchase price which is required to pay or defease the Qualified Obligations, including all premiums payable on the redemption thereof and accrued and unpaid interest. Such payment will not be made until the QE Trustee gives to HHC a written statement that such amount will be sufficient to retire the Qualified Obligations, including all premiums payable on the redemption thereof and accrued and unpaid interest.

The remainder of such purchase price will be paid by HHC to the Qualified Entity. Nothing contained in the Lease will be construed to provide that HHC will be under any obligation to purchase the Leased Premises or any portion thereof or under any obligation in respect to any creditors or other security holders of the Qualified Entity.

Upon the exercise of the option to purchase granted in the Lease, the Qualified Entity will upon such payment of the option price deliver, or cause to be delivered, to HHC documents conveying to HHC all of the Qualified Entity's title to the property being purchased, as such property then exists, subject to the following: (1) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the Qualified Entity; (2) those liens and encumbrances created by HHC or to the creation or suffering of which HHC consented, and liens for taxes or special assessments not then delinquent; and (3) those liens and encumbrances on its part contained in the Lease. In the event of purchase of the Leased Premises or any portion thereof by HHC or conveyance of the same to HHC, HHC will procure and pay for all surveys, title searches, abstracts, title policies and legal services that may be required and will furnish at HHC's expense all tax payments required for the transfer of title.

Transfer of Ownership to HHC

In the event HHC has not exercised its option to purchase the Leased Premises in accordance with the provisions described under the subcaption "Option to Purchase Leased Premises" above and has not exercised its option to renew the Lease in accordance with the Lease, then, upon expiration of the Lease and upon full performance by HHC of its obligations under the Lease and the payment of all indebtedness of the Qualified Entity relating to the Leased Premises, including the Qualified Obligations and all expenses and obligations of the Qualified Entity incurred by the Qualified Entity under the Lease, the Leased Premises will become the absolute property of HHC, and, upon HHC's request, the Qualified Entity will execute proper instruments, if necessary, conveying to HHC all of the Qualified Entity's title thereto. HHC will pay for all surveys, title policies and legal services that may be required.

Defaults

If HHC defaults in the (1) payment of any rentals or other sums payable to the Qualified Entity under the Lease, or (2) observance of any other covenant, agreement or condition of the Lease and such default continues for thirty (30) days after written notice to correct the same, then, in any of such events, the Qualified Entity may proceed to protect and enforce its rights by pursuing administrative remedies or by filing a suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the Lease or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, legal action to mandate HHC to levy and collect taxes sufficient to produce the necessary funds with which to pay the rentals payable to the Qualified Entity under the Lease, or may authorize or delegate the authority to file a suit or make appropriate claims, or the Qualified Entity, at its option, without further notice, may terminate the estate and interest of HHC under the Lease, and it will be lawful for the Qualified Entity forthwith to resume possession of the Leased Premises and HHC covenants to surrender the same forthwith upon demand.

The exercise by the Qualified Entity of the right to terminate the Lease described in the preceding paragraph will not release HHC from the performance of any obligation under the Lease. The remedies of the Qualified Entity in the Lease are cumulative to and not in lieu of any other remedies available to the Qualified Entity at law or in equity. The use of any one remedy will not be taken to exclude or waive the right to use any other remedy. No waiver by the Qualified Entity of any right to terminate the Lease upon any default will operate to waive such right upon the same or any other default subsequently occurring.

Amendment of Lease

The Qualified Entity and HHC have agreed that they will not amend the Lease in a manner which would result in the levy of property taxes to make the rental payments thereunder being subject to the Circuit Breaker Tax Credit.

DEFINITIONS

The following definitions apply throughout this Official Statement.

“Account” means any of the accounts established or authorized under the Indenture or the QE Indenture.

“Act” means Indiana Code 5-1.4, as from time to time supplemented and amended.

“Act of Bankruptcy” means the filing of a voluntary or involuntary petition under the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (as it may be amended from time to time), or the commencement of a proceeding under any other applicable laws concerning insolvency, reorganization or bankruptcy, by or against the Bond Bank, unless such petition or proceeding will have been dismissed and such dismissal will be final and not subject to appeal.

“Addendum” means each Addendum to Master Lease (Wishard Hospital Project), attached to the Lease as Exhibit A thereto, which is executed and delivered by the Qualified Entity and HHC from time to time during the term of the Lease, which upon execution and delivery of such Addendum will be made a part of the Lease, for a term of thirty (30) years, or such earlier time as identified in each Addendum, with respect to the Leased Premises identified in such Addendum, beginning on the date each such Addendum is executed.

“Additional Bonds” means Bonds issued pursuant to the provisions described under the caption “THE INDENTURE - Additional Bonds, including Refunding Bonds” and any Supplemental Indenture and includes Refunding Bonds.

“Additional Qualified Obligation” means any Qualified Obligation issued in addition to the 2010 B Qualified Obligations pursuant to the QE Indenture.

“Additional Rental Payments” means the additional lease rental payments payable by HHC to the Qualified Entity under the Lease for payment of administration expenses of the Qualified Entity allocable to the Lease.

“Adjusted Debt Service Requirements” for the Bonds means, for any period, as of any date of calculation, the aggregate Debt Service Requirements on Outstanding Bonds for such period taking into account the following adjustments:

(a) The aggregate Debt Service Requirements on the Bonds will be deemed to include all periodic Bond Related Costs;

(b) The aggregate Debt Service Requirements for any period on any Bonds will not include the amount of Debt Service Requirements on Bonds to be paid from amounts in the Debt Service Reserve Fund at the time of such computation for the period in question, but only if any such amount is available and is to be applied to make interest payments on such Bonds when due; and

(c) The aggregate Debt Service Requirements for any period on any Bonds will not include the amount of Debt Service Requirements on Bonds to be paid from Subsidy Payments at the time of such computation for the period in question, but only if the Series of Bonds to which such Subsidy Payments relate continue to be “build America bonds” under Section 54AA(d) of the Code and “qualified bonds” under Section 54AA(g) of the Code.

“Authorized Construction Officer” means the Chairperson of the Board of Trustees of HHC, the Executive Director of HHC, the Treasurer of HHC or any other person designated as such by a resolution of the Board of Trustees of HHC.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

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

“Authorized Representative” means the Chairperson of the Board of Trustees of HHC, the Executive Director of HHC, the Treasurer of HHC or any other person designated as such by a resolution of the Board of Trustees of HHC.

“Beneficial Owner” means the purchasers of beneficial interests in the Bonds.

“Bond” or “Bonds” means (unless the context will otherwise require) any Bond or Bonds, or all the Bonds, as the case may be, including both the Series 2010 B Bonds and any Additional Bonds, as the case may be, authenticated and delivered under the Indenture. If the Bonds are held in a book-entry only system, any reference to the Bonds will, if it is appropriate in the context in which the term is used, be a reference to the beneficial ownership interests in the Bonds.

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

“Bond Bank Resolution” means Resolution No. 2, 2010, adopted by the Board of Directors of the Bond Bank on January 25, 2010 authorizing the issuance, execution, delivery and sale of the Series 2010 B Bonds.

“Bond Counsel” means a firm of attorneys of nationally recognized expertise with respect to the tax-exempt obligations of political subdivisions, selected by the Bond Bank and not objected to by the Trustee.

“Bondholder,” “bondholder”, Bond Owner,” “Bondowner,” “Owner,” “owner,” “holder,” “owner of the Bonds” or “Registered Owner,” when used with respect to a Bond, means the person or entity in whose name such Bond will be registered on the Registration Books.

“Bond Interest Account” means the Account by that name authorized pursuant to the Indenture.

“Bond Issuance Expense Account” means the Account by that name authorized pursuant to the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated February 3, 2010, between the Bond Bank and the Underwriters, including all amendments thereof and supplements thereto.

“Bond Related Costs” means (a) initial and acceptance fees of any Fiduciary together with any fees of attorneys, feasibility consultants, engineers, financial advisors, rebate consultants, accountants and other advisors retained by the Bond Bank or the Qualified Entity in connection with the Bonds and (b) any other fees, charges and expenses that may be lawfully incurred by the Bond Bank or the Qualified Entity relating to the Bonds.

“Bond Service Charges” means, for any applicable time period or date, the scheduled principal of and premium, if any, and interest and the fees, expenses and costs of the Trustee on

any of the Bonds accruing for that period or due and payable on that date. In determining Bond Service Charges accruing for any period or due and payable on any date, mandatory sinking fund requirements accruing for that period or due on that date will be included, together with any amount required to be paid for the replenishment of any reserve.

“*Bond Year*” means the twelve-month period beginning January 16 and ending January 15.

“*Building Authority Affidavit of Completion*” means the Affidavit of Completion as defined in the provisions describing the Project Fund in paragraph (3) under the caption “THE QE INDENTURE - Structure of QE Indenture Funds - Project Fund.”

“*Buildings*” means the buildings identified in the 2010 Addendum to Lease.

“*Business Day*” or “*business day*” means a day other than Saturday, Sunday or day on which banking institutions in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to close or on which the New York Stock Exchange is closed.

“*Cash Flow Certificate*” means a certificate prepared by an accountant or firm of accountants in accordance with the provisions described under “THE INDENTURE - General Covenants of Bond Bank - Cash Flow Certificates” concerning anticipated Revenues and payments.

“*City*” means the Consolidated City of Indianapolis, Indiana.

“*Code*” means the Internal Revenue Code of 1986, as amended, or any successor sections of a subsequent income tax statute or code, including the regulations, rulings and proclamations promulgated and proposed thereunder or under the predecessor code.

“*Construction Account*” means the Account by that name authorized pursuant to the Indenture.

“*Costs of Issuance*” means (a) payment of all reasonable costs incurred by the Bond Bank in connection with the issuance of the Bonds and by the Qualified Entity in connection with the issuance of the Qualified Obligations, including, but not limited to, legal and accounting fees and expenses, printing expenses, financial consultants’ fees, financing charges (including underwriting fees and discounts), printing and engraving costs, the fees and expenses of the Rating Agencies, preparation of the financing statements, preparation of any disclosure document and any other documents necessary for the issuance of the Bonds and the Qualified Obligations; and (b) payment of the fees and expenses of the Trustee, any Bond Registrar and the QE Trustee, and the reasonable expenses of their counsel properly incurred under or in connection with the Indenture, the QE Indenture and the transactions contemplated by the Indenture.

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

“Debt Service Requirements” means, during the applicable period and as of any date of calculation with respect to Outstanding Bonds, the aggregate of the Bond Service Charges on the Bonds.

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

“Debt Service Reserve Fund Credit Agreement” means any reimbursement agreement or similar instrument between the Bond Bank or the Qualified Entity (and, if so drafted, the Trustee) and a Debt Service Reserve Fund Credit Facility Provider with respect to a Debt Service Reserve Fund Credit Facility.

“Debt Service Reserve Fund Credit Facility” means a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Debt Service Reserve Fund Credit Facility Provider with respect to all or a specific portion of one or more Series of Bonds or Qualified Obligations to satisfy in whole or in part the Bond Bank’s or the Qualified Entity’s obligation to maintain a reserve requirement with respect thereto or to secure the payment of debt service (which may include the premium due on payment of a Bond or a Qualified Obligation) on Bonds or Qualified Obligations of a specified Series, or a specific portion thereof, but only if the debt obligations of such Debt Service Reserve Fund Credit Facility Provider are rated at the time of issuance thereof in one of the two highest Rating Categories by S&P and Moody’s, and by Fitch, but only if Fitch is then rating the Bonds which are secured (either directly or indirectly) by such Debt Service Reserve Fund Credit Facility.

“Debt Service Reserve Fund Credit Facility Provider” means the bank, insurance company, financial institution or other entity providing a Debt Service Reserve Fund Credit Facility pursuant to a Debt Service Reserve Fund Credit Agreement.

“Debt Service Reserve Requirement” means an amount equal to the maximum annual principal and interest requirements on all Outstanding Bonds for the then current or any future Bond Year, reduced by the Subsidy Payments anticipated to be received, but only if each Series of Bonds to which such Subsidy Payments relate continue to be “build America bonds” under Section 54AA(d) of the Code and “qualified bonds” under Section 54AA(g) of the Code; provided, however, that if upon the issuance of any Series of Bonds, such amount would require moneys credited to the Debt Service Reserve Fund from the proceeds of such Series of Bonds in an amount in excess of the maximum amount permitted under the Code, the Debt Service Reserve Requirement will then be the Debt Service Reserve Requirement immediately preceding the issuance of such Series of Bonds, plus the maximum amount permitted under the Code to be deposited from the proceeds of such Series of Bonds, as certified by an Authorized Officer. On the date of issuance of the Series 2010 B Bonds, the Debt Service Reserve Requirement will be \$29,453,208.06.

“Disclosure Agreement” means the Continuing Disclosure Agreement, dated March 4, 2010, between the Bond Bank and The Bank of New York Mellon Trust Company, N.A. for the benefit of the Beneficial Owners.

“Event of Default” used with respect to the Indenture means any event specified in the provisions described under “THE INDENTURE - Events of Default and Remedies - Defaults;

Events of Default,” or used with respect to the QE Indenture means any event specified in the provisions described under “THE QE INDENTURE – Events of Default and Remedies – Events of Default.”

“*Extraordinary Event*” means the modification, amendment or interpretation of Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009) in a manner pursuant to which any Subsidy Payments are reduced or eliminated.

“*Extraordinary Redemption Price*” of any Series 2010 B-2 Bonds to be redeemed means an amount equal to the greater of:

- (a) 100% of the principal amount of the Series 2010 B-2 Bonds; or
- (b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2010 B-2 Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010 B-2 Bonds are to be redeemed, discounted to the date on which such Series 2010 B-2 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points;

plus, in each case, accrued and unpaid interest on such Series 2010 B-2 Bonds to the redemption date.

“*Favorable Opinion of Bond Counsel*” means, collectively, (a) an opinion from Bond Counsel to the effect that a designated action or event would not cause (i) interest on the Tax-Exempt Bonds or Tax-Exempt Qualified Obligations to become included in gross income for federal income tax purposes, or (ii) the loss of the designation of the Tax-Exempt Bonds or Tax-Exempt Qualified Obligations as “build America bonds” under Section 54AA(d) of the Code or as “qualified bonds” under Section 54AA(g) of the Code, as applicable, and (b) an opinion from a counsel approved by the Bond Bank that such action or event would not violate applicable state law.

“*Federal Securities*” means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or (ii) obligations the timely payment of principal and interest on which are unconditionally guaranteed by the United States of America.

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

“*Fiduciary*” means any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as trustee, paying agent, bond registrar, tender agent or escrow agent, or in a similar function.

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

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

“*Fixed Annual Rental Payments*” means the annual fixed rental payments provided under the Lease.

“*Fund*” means any of the funds established or authorized under the Indenture or the QE Indenture.

“*General Account*” means the Account by that name authorized pursuant to the Indenture.

“*General Fund*” means the Fund by that name authorized pursuant to the Indenture.

“*Government Obligations*” means (1) direct obligations of the United States of America or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including, but not limited to, securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations) and (2) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (a) are unconditionally guaranteed or insured by the United States of America, or (b) are provided for by an irrevocable deposit of securities described in clause (1) above and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given.

“*HHC*” means The Health and Hospital Corporation of Marion County, Indiana, or any successor thereto.

“*Holders of Qualified Obligations*” or any similar term means the registered owner of any Qualified Obligation.

“*Indenture*” means, collectively, the Trust Indenture, dated as of March 1, 2010, between the Bond Bank and the Trustee, including all amendments thereof and supplements thereto.

“*Interest Payment Date*” means each January 15 and July 15, commencing, with respect to the Series 2010 B Bonds, January 15, 2011.

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

“*Lease*” means the Master Lease (Wishard Hospital Project), dated as of March 1, 2010, between the Qualified Entity, as lessor, and HHC, as lessee.

“*Leased Premises*” has the meaning ascribed to such term under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 B BONDS - The Lease.”

“*Make-Whole Redemption Price*” of any Series 2010 B-2 Bonds to be redeemed means an amount equal to the greater of:

(a) 100% of the principal amount of such Series 2010 B-2 Bonds; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2010 B-2 Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010 B-2 Bonds are to be redeemed, discounted to the date on which such Series 2010 B-2 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25 basis points;

plus, in each case, accrued and unpaid interest on such Series 2010 B-2 Bonds to the redemption date.

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor thereof which qualifies as a Rating Agency under the Indenture.

“*Net Proceeds*” means, with respect to any Series of Bonds or Qualified Obligations, the amount of proceeds received from the sale of such Series of Bonds or Qualified Obligations, including amounts used to pay underwriter’s discount and accrued interest.

“*Operation Fund*” means the Fund by that name authorized by the QE Indenture.

“*Opinion of Counsel*” means a written legal opinion from a firm of attorneys experienced in matters to be covered in the opinion.

“*Other Income*” means proceeds of insurance or condemnation received by the Qualified Entity, HHC or the Trustee in accordance with the QE Indenture, unless such proceeds are used to reconstruct the Buildings, but do not include Additional Rental Payments paid under the Lease.

“*Outstanding,*” or “*Bonds outstanding*” at the time in question, means, with respect to any Series of Bonds, all Bonds that have been executed and delivered by the Bond Bank and authenticated by the Trustee under the Indenture, except:

(i) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(ii) Bonds paid or deemed to be paid pursuant to the provisions described under “THE INDENTURE - Discharge of Indenture”; and

(iii) Bonds in lieu of or in exchange for which other Bonds will have been executed and delivered by the Bond Bank and authenticated by the Trustee pursuant to certain provisions in the Indenture.

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

“*Prepayment*” or “*prepayment,*” when used with respect to the Qualified Obligations, means the payment of all or a portion of the principal of the Qualified Obligations prior to maturity, except for a payment made in advance of the scheduled due date thereof that is not to be applied against the outstanding principal balance of the Qualified Obligations until such due date.

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

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

“*Program Expenses*” means all of the Bond Bank’s expenses in carrying out and administering the Program pursuant to the Indenture and will include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, remarketing fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Trustee, the Registrar and the Paying Agent, costs of verifications required under the Indenture, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs permitted under the Act, and rebates, if any, which in the opinion of Bond Counsel are required to be made under the Code in order to preserve or protect the excludability of the interest on the Series 2010 B-1 Bonds from gross income for federal income tax purposes or to maintain the qualification of the Series 2010 B-2 Bonds as “build America bonds” under Section 54AA(d) of the Code and as “qualified bonds” under Section 54AA(g) of the Code, all to the extent properly allocable to the Program.

“*Purchase Agreement*” means any Qualified Entity Purchase Agreement, including the Series 2010 B Qualified Entity Purchase Agreement, entered into by and between the Bond Bank, the Qualified Entity and HHC with respect to any Qualified Obligations purchased by the Bond Bank and pledged under the Indenture.

“*QE Debt Service Reserve Fund*” means the Fund by that name authorized in the QE Indenture.

“*QE Debt Service Reserve Requirement*” shall mean, in the event the QE Debt Service Reserve Fund is established pursuant to the QE Indenture, with respect to each series of Qualified Obligations, an amount which shall not exceed an amount equal to the least of: (i) the maximum annual principal and interest requirements on such series of Qualified Obligations; (ii) 125% of the average annual principal and interest requirements on such series Qualified Obligations; or (iii) 10% of the state principal amount of such Qualified Obligations, provided that if any series of Qualified Obligations has more than a de minimis amount of original issue

discount or premium, the issue price of such series of Qualified Obligations (net of pre-issuance accrued interest) shall be used to measure the 10% limitation in lieu of the stated principal amount of such series of Qualified Obligations.

“*QE Indenture*” means the Trust Indenture, dated as of March 1, 2010, between the Qualified Entity and the Trustee, including all amendments thereof and supplements thereto.

“*QE Rebate Fund*” means the Fund by that name authorized in the QE Indenture.

“*QE Statute*” means Indiana Code 36-9-13, as amended.

“*QE Trustee*” means The Bank of New York Mellon Trust Company, N.A., a national banking association with a corporate trust office in Indianapolis, Indiana, and any successor or successors in interest.

“*QE Trust Estate*” means all proceeds, monies, Fixed Annual Rental Payments and Other Income of the Buildings as such are described in the preamble and granting clauses of the QE Indenture.

“*Qualified Entity*” means an entity defined in Indiana Code 5-1.4-1-10, as amended from time to time, and, specifically, the Indianapolis-Marion County Building Authority.

“*Qualified Investments*” means investments in:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration
Participation certificates
 6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations

7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed
public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, and having a rating by S&P of “AAAm-G”, “AAA-m” or “AA-m” and if rated by Moody’s rated “Aaa”, “Aa1” or “Aa2”, including without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such fund, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, (i) rated at least “AA” by S&P and “Aa” by Moody’s or (ii) insured by the Federal Deposit Insurance Corporation.

(f) Investment Agreements, including Guaranteed Investment Contracts, Forward Purchase Agreements and Reserve Fund Put Agreements.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(j) Repurchase agreements for 30 days or less, which meet the following criteria:

(1) Repurchase agreements must be between the municipal entity and a dealer bank or securities firm:

(a) Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's, or

(b) Banks rated "A" or above by S&P and Moody's.

(2) The written repurchase contract must include the following:

(a) Securities which are acceptable for transfer are:

(A) Direct U.S. government obligations, or

(B) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

(b) The term of the repurchase agreement may be up to 30 days.

(c) The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(d) Valuation of collateral:

The securities must be valued weekly, marked-to-market at current market price, plus accrued interest.

The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreement, plus accrued interest. If the value of

securities held as collateral slips below 104% of the value of the cash transferred by the municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

- (3) Legal opinion which must be delivered to the municipal entity:
 - (a) Repurchase agreement meets guidelines under state law for legal investment of public funds.

“Qualified Obligation” or *“Qualified Obligations”* means (unless the context will otherwise require) any Qualified Obligation or Qualified Obligations, or all the Qualified Obligations, as the case may be, including both the 2010 B Qualified Obligations and any Additional Qualified Obligations, as the case may be, authenticated and delivered under the QE Indenture, which has been acquired by the Bond Bank pursuant to the Indenture and each of which is a Security (as that term is defined in the Act).

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

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

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

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

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

“Rebate Fund” means the Fund by that name authorized pursuant to the Indenture.

“Record Date” means the Trustee’s close of business on the first day of the calendar month of an Interest Payment Date.

“Redemption Account” means the Account by that name authorized pursuant to the Indenture.

“Redemption Fund” means the Fund by that name authorized pursuant to the QE Indenture.

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

“Refunding Bonds” means Bonds issued pursuant to the provisions described under the caption “THE INDENTURE - Additional Bonds, including Refunding Bonds” and any Supplemental Indenture.

“Refunding Qualified Obligation” means any Qualified Obligation issued to refund any Qualified Obligations or other Additional Qualified Obligation.

“Registrar” means the Trustee.

“Registration Books” means the registration records of the Bond Bank, maintained by the Trustee, as the Registrar for the Bonds.

“Representation Letter” or *“Letter of Representations”* means the Bond Bank’s Blanket Letter of Representations, dated July 19, 1996, between the Bond Bank and The Depository Trust Company, New York, New York, including all amendments thereof and supplements thereto.

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

“S&P” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc., or any successor thereto which qualifies as a Rating Agency under the Indenture.

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

“Series 2010 B Affidavit of Completion” means the affidavit of completion filed with the Trustee pursuant to the QE Indenture.

“Series 2010 B-1 Bond Issuance Expense Subaccount” means the subaccount by that name authorized pursuant to the Indenture.

“Series 2010 B-2 Bond Issuance Expense Subaccount” means the subaccount by that name authorized pursuant to the Indenture.

“Series 2010 B-1 Bonds” means The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-1, issued pursuant to the Indenture.

“*Series 2010 B-2 Bonds*” means The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-2 (Build America Bonds - Direct Payment - Federally Taxable), issued pursuant to the Indenture.

“*Series 2010 B Bonds*” means the Series 2010 B-1 Bonds and the Series 2010 B-2 Bonds.

“*Series 2010 B Closing Date*” means the date the Series 2010 B Bonds are delivered to the Underwriters against payment therefor pursuant to the Bond Purchase Agreement.

“*Series 2010 B-1 Construction Subaccount*” means the subaccount by that name authorized pursuant to the Indenture.

“*Series 2010 B-2 Construction Subaccount*” means the subaccount by that name authorized pursuant to the Indenture.

“*Series 2010 B-1 Costs of Issuance*” means an amount equal to \$208,054.12.

“*Series 2010 B-2 Costs of Issuance*” means an amount equal to \$635,836.02.

“*Series 2010 B Qualified Entity Purchase Agreement*” means the Qualified Entity Purchase Agreement, dated February 24, 2010, by and among the Bond Bank, the Qualified Entity, and HHC authorizing the Bond Bank’s purchase of the 2010 B Qualified Obligations.

“*Series 2010 B-1 Rebate Account*” means the Account by that name authorized pursuant to the Indenture.

“*Series 2010 B-2 Rebate Account*” means the Account by that name authorized pursuant to the Indenture.

“*Sinking Fund*” means the Fund by that name authorized by the QE Indenture.

“*State*” means the State of Indiana.

“*Subsidy Payments*” means any amounts payable by the United States Treasury to the Bond Bank (or to the Trustee for the benefit of the Bond Bank) under Section 6431 of the Code with respect to any interest payments under any Series 2010 B-2 Bonds.

“*Supplemental Indenture*” means an instrument supplemental to or amendatory of the Indenture, executed by the Bond Bank and the Trustee in accordance with the provisions described under “THE INDENTURE - Supplemental Indentures”.

“*Supplemental QE Indenture*” means an instrument supplemental to or amendatory of the QE Indenture, executed by the Qualified Entity and the Trustee, in accordance with the provisions described under “THE QE INDENTURE – Supplemental QE Indentures”.

“Tax Certificate” means the Tax Representation Certificate dated the Series 2010 B Closing Date, and delivered by the Bond Bank with respect to certain tax matters relating to the Series 2010 B Bonds.

“Tax-Exempt Bonds” means Bonds issued pursuant to the Indenture for which the Bond Bank receives, on the date such Bonds are issued, an opinion of Bond Counsel to the effect that interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code or evidence that such Bonds have been designated as “build America bonds” under Section 54AA(d) of the Code and for which the Bond Bank has made an irrevocable election to have Section 54AA(g) of the Code apply.

“Tax-Exempt Qualified Obligations” means Qualified Obligations issued pursuant to the QE Indenture for which the Bond Bank receives, on the date such Qualified Obligations are issued, an opinion of Bond Counsel to the effect that interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code or evidence that such Bonds have been acquired with the proceeds of 2010 B Bonds that have been designated as “build America bonds” under Section 54AA(d) of the Code and for which the Bond Bank has made an irrevocable election to have Section 54AA(g) of the Code apply.

“Treasury Rate” means, as of any redemption date of any Series 2010 B-2 Bonds or 2010 B-2 Qualified Obligations, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the maturity date of such Series 2010 B-2 Bonds or 2010 B-2 Qualified Obligations; provided, however, that, if the period from such redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association with a corporate trust office in Indianapolis, Indiana, not in its individual capacity, but solely as trustee under the Indenture, or any successor Trustee or co-trustee serving as such under the Indenture.

“2010 Addendum to Lease” means the Addendum to Master Lease by and between the Qualified Entity and HHC, dated as of March 4, 2010.

“2010 B-1 Qualified Obligations” means the Wishard Hospital Project Bonds, Series 2010 B-1, issued pursuant to the QE Indenture.

“2010 B-2 Qualified Obligations” means the Wishard Hospital Project Bonds, Series 2010 B-2, issued pursuant to the QE Indenture.

“2010 B Qualified Obligations” means the 2010 B-1 Qualified Obligations and the 2010 B-2 Qualified Obligations.

“2010 Project” means the Wishard Hospital project (as defined in the Lease).

“Underwriters” means Citigroup Global Markets Inc., as representative of itself and the other underwriters of the Series 2010 B Bonds set forth in the Bond Purchase Agreement.

APPENDIX D
FORM OF OPINION OF CO-BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

March 4, 2010

The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank
Bonds, Series 2010 B-1
Bonds, Series 2010 B-2 (Build America Bonds - Direct Payment - Federally
Taxable)

Ladies and Gentlemen:

We have acted as co-bond counsel to The Health and Hospital Corporation of Marion County, Indiana (the "Health and Hospital Corporation"), in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the "Issuer") of its (1) Bonds, Series 2010 B-1, dated March 4, 2010 (the "Series 2010 B-1 Bonds"), in the aggregate principal amount of \$106,250,000, and (2) Bonds, Series 2010 B-2 (Build America Bonds - Direct Payment - Federally Taxable), dated March 4, 2010 (the "Series 2010 B-2 Bonds"), in the aggregate principal amount of \$359,330,000, pursuant to Indiana Code 5-1.4, as amended, a resolution adopted by the Board of Directors of the Issuer on January 25, 2010, and the Trust Indenture, related to the Series 2010 B-1 Bonds and the Series 2010 B-2 Bonds (collectively, the "Bonds"), dated as of March 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Indianapolis-Marion County Building Authority (the "Building Authority"), the Health and Hospital Corporation and others, including, without limitation, certifications contained in the tax and arbitrage certificates of the Issuer, the Building Authority and the Health and Hospital Corporation, each dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of Krieg DeVault LLP, Indianapolis, Indiana, counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the report of Crowe Horwath 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 special and limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).

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

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Series 2010 B-1 Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that the Issuer, the Building Authority and the Health and Hospital Corporation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010 B-1 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer, the Building Authority and the Health and Hospital Corporation have covenanted or represented that they will comply with such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2010 B-1 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010 B-1 Bonds.

5. The interest on the Series 2010 B-1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

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

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated February 24, 2010, 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.

The Indianapolis Local Public Improvement Bond Bank

March 4, 2010

Page 3

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,

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APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made this 4th day of March, 2010, between THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK (the “Promisor”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as counterparty (the “Counterparty”), for the benefit of EACH BONDHOLDER (as hereinafter defined) (each, a “Promisee”) and for the purpose of permitting the underwriters (collectively, the “Underwriters”) listed in the Bond Purchase Agreement, dated February 24, 2010, between the Promisor and Citigroup Global Markets Inc., on behalf of itself and the other Underwriters, to purchase The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-1, and The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-2 (Build America Bonds - Direct Payment - Federally Taxable), in the aggregate principal amounts of \$106,250,000 and \$359,330,000, respectively (collectively, the “Bonds”), issued pursuant to the Trust Indenture, dated as of March 1, 2010 (the “Indenture”), between the Promisor and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), in compliance with Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended.

WITNESSETH THAT:

WHEREAS, the Underwriters are, in connection with an offering of the Bonds directly or indirectly by or on behalf of the Promisor, purchasing the Bonds from the Promisor and selling the Bonds to certain purchasers; and

WHEREAS, pursuant to the Qualified Entity Purchase Agreement, dated February 24, 2010 (the “Purchase Agreement”), among the Promisor, the Indianapolis-Marion County Building Authority (the “Building Authority”) and The Health and Hospital Corporation of Marion County, Indiana (the “Health and Hospital Corporation”), the Building Authority has sold its Wishard Hospital Project Bonds, Series 2010 B-1, and Wishard Hospital Project Bonds, Series 2010 B-2 (collectively, the “Qualified Obligations”), to the Bond Bank, and the Qualified Obligations shall secure the payment of the Bonds; and

WHEREAS, the Building Authority and the Health and Hospital Corporation have entered into the Master Lease (Wishard Hospital Project), dated as of March 1, 2010 (the “Master Lease”), pursuant to which the Health and Hospital Corporation is required to make lease rental payments to the Building Authority in connection with the lease of the Premises (as defined in the Master Lease) by the Building Authority to the Health and Hospital Corporation, and the Master Lease shall secure the payment of the Qualified Obligations; and

WHEREAS, the Rule provides that, except as otherwise provided in the Rule, a participating underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an offering (as defined in the Rule), unless the participating underwriter has reasonably determined that an issuer of municipal securities (as defined in the Rule) or an

obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide certain information; and

WHEREAS, the Health and Hospital Corporation is an obligated person (as defined in the Rule), because the lease rental payments due under the Master Lease are the only source of funds pledged to pay the principal and interest due under the Qualified Obligations (other than funds held under the Indenture), and the payments due under the Qualified Obligations are the only source of funds (other than funds held under the Indenture) pledged to pay the principal and interest due on the Bonds; and

WHEREAS, the Health and Hospital Corporation is the only obligated person (as defined in the Rule) with respect to the Bonds;

WHEREAS, the Promisor desires to enter into this Agreement and the Health and Hospital Corporation desires to acknowledge this Agreement in order to assist the Underwriters in complying with the Rule; and

WHEREAS, any Promisee shall, by its payment for and acceptance of any Bond, accept and assent to this Agreement and the exchange of (1) such payment and acceptance for (2) the promises of the Promisor and the Health and Hospital Corporation contained herein;

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

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

- (a) "Bond" shall mean any of the Bonds.
- (b) "Bondholder" shall mean any registered or beneficial owner or holder of any Bond.
- (c) "Final Official Statement" shall mean the Official Statement, dated February 24, 2010, relating to the Bonds, including any document included therein by specific reference, which is available to the public on the MSRB's Internet Web site or filed with the Commission.
- (d) "Fiscal Year" of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.

(e) “Health and Hospital Corporation” shall mean The Health and Hospital Corporation of Marion County, Indiana.

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

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

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

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

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

(a) The Promisor is the issuer of the Bonds, and the only Obligated Person with respect to the Bonds is the Health and Hospital Corporation; and

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

Section 4. Undertaking to Provide Information.

(a) The Promisor hereby undertakes to provide, for and on behalf of itself and the Obligated Person, the following to the Counterparty and the MSRB in an electronic format as prescribed by the MSRB:

(i) When and if available, the audited comprehensive annual financial report of the Health and Hospital Corporation for each twelve (12) month period ending December 31, beginning with the twelve (12) month period ending December 31, 2009, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants;

(ii) Within 210 days of each December 31, beginning with the calendar year ending December 31, 2009, unaudited annual financial information for the Health and Hospital Corporation for such calendar year (the “Annual Financial Information”), including: (A) unaudited financial information of the Health and Hospital Corporation, if audited financial statements are not available; and (B) the information contained in the tables entitled

“ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,” “PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS,” “SCHEDULE OF DIRECT AND OVERLAPPING DEBT,” “PROPERTY TAX LEVIES AND COLLECTIONS,” “PRINCIPAL PROPERTY TAXPAYERS,” “LEGAL DEBT MARGIN CALCULATION,” under the caption “THE HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY, INDIANA” and financial information and operating data with respect to the Health and Hospital Corporation of the type included in Appendix A to the Final Official Statement, including, without limitation, the tables under the captions “Utilization Statistics” and “Sources of Revenue - Circuit Breaker Tax Credit” and entitled “STATEMENT OF NET ASSETS” and “STATEMENT OF ACTIVITIES;”

(iii) In a timely manner, notice of any of the following events with respect to the Bonds or the Qualified Obligations, if material:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in the Final Official Statement);
- (I) Defeasances;
- (J) Release, substitution or sale of property securing repayment of the securities; or
- (K) Rating changes; and

(iv) In a timely manner, notice of a failure of the Obligated Person to provide required Annual Financial Information or audited financial statements on or before any of the dates specified in this Agreement.

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

(c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents or may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the Commission.

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

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

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

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

Section 7. Termination of Obligation. The obligation to provide Annual Financial Information, audited financial statements and notices of events under Section 4(a) hereof shall terminate with respect to the Obligated Person, if and when the Obligated Person no longer remains an obligated person (as defined in the Rule) with respect to the Bonds.

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

Section 9. Limitation of Rights. Nothing expressed or implied in this Agreement is intended to give, or shall give, to the Underwriters, the Commission, any broker or dealer, or any other person, other than the Promisor, the Obligated Person and each Promisee, any legal or equitable right, remedy or claim under or with respect to this Agreement or any rights or

obligations hereunder. This Agreement and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, the Obligated Person and each Promisee.

Section 10. Remedies.

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

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

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

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

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

Section 11. Counterparty's Obligations.

(a) The Counterparty shall have no obligation to take any action whatsoever with respect to information provided by the Promisor or the Obligated Person under this Agreement, except (i) as set forth in this Section and (ii) any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement against the Counterparty. Further, except as set forth in this Section, the Counterparty shall have no responsibility to ascertain the truth, completeness, accuracy or timeliness of the information provided as required hereunder by the Promisor or the Obligated

Person, nor as to its sufficiency for purposes of compliance with the Rule or the requirements of this Agreement.

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

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

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

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

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

Section 14. Limitation of Liability. The obligations of the Promisor and the Obligated Person under this Agreement are special and limited obligations of the Promisor and the Obligated Person, payable solely from the trust estate under the Indenture. The obligations of the Promisor and the Obligated Person under this Agreement are not and shall never constitute a

general obligation, debt or liability of the Promisor, the Obligated Person or the State, or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the Promisor, the Obligated Person or the State, or any political subdivision thereof, and do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit or taxing power of the Promisor, the Obligated Person or the State, or any political subdivision thereof.

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

Section 16. Amendment of Obligations. The Promisor and the Counterparty may, from time to time, amend any obligation of the Promisor or the Counterparty under this Agreement, without notice to or consent from any Promisee, if: (a)(i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligated Person, or type of business conducted, (ii) this Agreement, after giving effect to such amendment, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Promisee, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor or the Obligated Person (such as the Trustee) or (B) an approving vote of the holders of the Bonds pursuant to the terms of the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 17. Assignment and Delegation. Neither the Counterparty nor any Promisee may, without the prior written consent of the Promisor, assign any of its rights under this Agreement to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Agreement to any other person, except that the Promisor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Promisor merges, with which the Promisor consolidates or to which the Promisor transfers all or substantially all of its assets, or (b) which agrees in writing for the benefit of the Promisees to assume such rights or obligations.

Section 18. Communications. Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Promisor, the Counterparty or the Obligated Person, shall be provided, delivered or otherwise given to the Promisor, the Counterparty or the Obligated Person at the following addresses:

If to the Promisor:	The Indianapolis Local Public Improvement Bond Bank 200 East Washington Street City-County Building, Room 2342 Indianapolis, Indiana 46204 Attention: Executive Director
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If to the Counterparty: The Bank of New York Mellon Trust Company, N.A.
300 N. Meridian Street, Suite 910
Indianapolis, IN 46204
Attention: Corporate Trust Department

If to the Obligated Person: The Health and Hospital Corporation of Marion County,
Indiana
3838 North Rural Street
Indianapolis, IN 46205
Attention: CFO and Treasurer

(or at such other address as the Promisor, the Counterparty or the Obligated Person may, by notice to the MSRB, provide), or, if such other person is not the Promisor, the Counterparty or the Obligated Person, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith, but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Agreement, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day or (d) sent by facsimile transmission, telecopy or telegram.

Section 19. Knowledge. For purposes of this Agreement, each Promisee shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor or the Counterparty to the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee was a Promisee at the time such information, datum, statement or notice was so provided.

Section 20. Performance Due on other than Business Days. If the last day for taking any action under this Agreement is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Agreement.

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

Section 22. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State, without reference to any choice of law principles.

Section 23. Severability. If any portion of this Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Agreement shall not be affected, and this

Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 24. Rule. This Agreement is intended to be an agreement or contract in which the Promisor and the Obligated Person have undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Agreement is not such an agreement or contract, this Agreement shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herefrom, as are necessary to cause this Agreement to be such an agreement or contract.

Section 25. Interpretation. The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words “hereof,” “herein,” “hereby” and “hereunder,” or words of similar import, refer to this Agreement as a whole and not to any particular section, subsection, clause or other portion of this Agreement.

Section 26. Captions. The captions appearing in this Agreement are included herein for convenience of reference only and shall not be deemed to define, limit or extend the scope or intent of any rights or obligations under this Agreement.

IN WITNESS WHEREOF, the Promisor and the Counterparty have caused this Agreement to be executed on the date first above written.

THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK, as
Promisor

By: _____
Briane M. House, Chairman

Attest:

By: _____
Kevin D. Taylor, Executive Director

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Counterparty

By: _____

Printed: _____

Title: _____

Attest:

By: _____

Printed: _____

Title: _____

Acknowledged and agreed by the Health and Hospital Corporation, as the Obligated Person under this Agreement, to provide timely the information required by Section 4 hereof to the Promisor.

THE HEALTH AND HOSPITAL
CORPORATION OF MARION COUNTY,
INDIANA

By: _____
Dr. James D. Miner, Chairman
Board of Trustees

Attest:

By: _____
Matthew R. Gutwein, Secretary
Board of Trustees

