

*Interest on the Bonds (as defined herein) is not excludable from gross income for federal income tax purposes. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Bonds (as defined herein) is exempt from income taxation in the State of Indiana, except for the Indiana financial institutions tax. See "TAX MATTERS," and "Appendix B."*

**\$1,425,000**  
**INDIANA BOND BANK**  
**TAXABLE SCHOOL SEVERANCE FUNDING REFUNDING BONDS,**  
**SERIES 2015 D**

**Dated:** Date of Delivery

**Due** as shown herein.

The Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 D (the "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 Bonds will be made in book-entry-only form, in the denomination of \$100,000 plus any multiple of \$5,000 in excess thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds is payable on January 15 and July 15 of each year commencing January 15, 2016, and such interest, together with the principal of the Bonds, will be paid directly to DTC by The Huntington National Bank, Indianapolis, Indiana, as trustee (the "Trustee") under a Trust Indenture, dated as of September 1, 2015 (the "Indenture"), as defined and described herein, so long as DTC or its nominee is the registered owner of the Bonds. The Indiana Bond Bank (the "Bond Bank") may provide for payment of interest to any holder of Bonds in amounts aggregating \$1,000,000 or more by wire transfer or other method which is acceptable to the Trustee and the Bondholder. The final disbursement of such payments to the Beneficial Owner of the Bonds will be the responsibility of the DTC Direct Participants and the Indirect Participants, all as defined and more fully described herein under "THE BONDS - Book-Entry System."

The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code 5-1.5 (the "Act"), for the purpose of providing funds, together with other legally available funds of the Bond Bank and proceeds from the Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds (each as defined herein), to: (a) refund the Bond Bank's outstanding Taxable School Severance Funding Bonds Series 11, dated July 15, 2006, and currently outstanding in the aggregate principal amount of \$74,280,000 (the "Refunded Bonds"); and (b) pay all costs incidental to or on account of the issuance of the Bonds and the refunding of the Refunded Bonds. The Refunded Bonds were issued to purchase general obligations bonds of certain Indiana school corporations, including general obligation bonds (the "Qualified Obligations") of the Metropolitan School District of Shakamak (the "Qualified Entity"), which general obligation bonds were issued to fund unfunded contractual liabilities for retirement or severance payments as of June 30, 2001.

The Bonds maturing on January 15, 2017, and thereafter, are subject to redemption prior to maturity at the option of the Bond Bank, in whole or in part, on any date on or after July 15, 2016, without penalty or premium, at a price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - The Qualified Entity and the Qualified Obligations" and APPENDIX A herein.

The Bonds maturing on January 15, 2027 are subject to mandatory sinking fund redemption. See "THE BONDS -Mandatory Redemption."

The Bonds are payable by the Bond Bank solely from the revenues and other funds of the Bond Bank pledged therefor under the Indenture. Such revenues and funds include payments by the Qualified Entity on its Qualified Obligations ("Qualified Obligation Payments"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

**THE BONDS ARE LIMITED OBLIGATIONS OF THE BOND BANK PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN. THE BONDS DO NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE BOND BANK OR THE STATE AND A DEBT SERVICE RESERVE FUND WILL NOT BE MAINTAINED BY THE BOND BANK FOR THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE QUALIFIED ENTITY, UNDER THE CONSTITUTION AND LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE QUALIFIED ENTITY. THE BOND BANK HAS NO TAXING POWER.**

The Bonds will be sold to not more than thirty-five (35) investors, each of whom is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act") or an "accredited investor" as defined in Regulation D promulgated under the Securities Act. The Purchasers must purchase the Bonds for investment for their own account and not with the view of reselling, distributing or otherwise disposing any or all of the Bonds, and must execute a sophisticated investor letter stating the same on or prior to the closing on the Bonds.

**The Qualified Entity has not provided any information for inclusion in this Limited Underwriting Circular and will provide no representations as to the accuracy or completeness of any information contained herein. Any information in this Limited Underwriting Circular, including the appendices hereof, relating to the Qualified Entity has been derived solely from public sources and not from the Qualified Entity.**

The Bonds are being offered by Raymond James & Associates, Inc., as Underwriter (the "Underwriter"), subject to the limitations in the prior paragraph, when, as and if issued by the Bond Bank and received by the Underwriter subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its General Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana and for the Underwriter by its counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about September 15, 2015.

**RAYMOND JAMES®**

**\$1,425,000**  
**INDIANA BOND BANK**  
**TAXABLE SCHOOL SEVERANCE FUNDING REFUNDING BONDS, SERIES 2015 D**

**\$1,425,000 4.750% Sinking Fund Term Bond Due January 15, 2027, Price: 97.850% CUSIP: 45462TEX6**

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS LIMITED UNDERWRITING CIRCULAR, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS LIMITED UNDERWRITING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF ANY OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED UNDERWRITING CIRCULAR NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS LIMITED UNDERWRITING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED UNDERWRITING CIRCULAR. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED UNDERWRITING CIRCULAR IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION AND REASONABLY BELIEVE SUCH INFORMATION TO BE ACCURATE AND COMPLETE, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND IT IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED UNDERWRITING CIRCULAR FOR THE PURPOSES OF, AND AS THAT TERM IS DEFINED IN, THE RULE.

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## LIMITED UNDERWRITING CIRCULAR

**\$1,425,000**

### **Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 D**

#### **INTRODUCTION**

The purpose of this Limited Underwriting Circular, including the cover page and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the “Bond Bank”) of its \$1,425,000 aggregate principal amount of Taxable School Severance Funding Refunding Bonds, Series 2015 D (the “Bonds”). The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on June 9, 2015, and are issued under and secured by a Trust Indenture, dated as of September 1, 2015 (the “Indenture”), between the Bond Bank and The Huntington National Bank, Indianapolis, Indiana, as trustee, registrar and paying agent (the “Trustee”), all pursuant to the laws of the State of Indiana (the “State”), particularly Indiana Code, Title 5-1.5 (the “Act”), for the purpose of providing funds, together with other legally available funds of the Bond Bank and proceeds of the Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds (each as defined herein), to: (a) refund the Bond Bank’s outstanding Taxable School Severance Funding Bonds Series 11, dated July 15, 2006, and currently outstanding in the aggregate principal amount of \$74,280,000 (the “Refunded Bonds”); and (b) pay all costs incidental to or on account of the issuance of the Bonds and the refunding of the Refunded Bonds. The Refunded Bonds were issued to purchase general obligation bonds of certain Indiana school corporations, including general obligation bonds (the “Qualified Obligations”) of the Metropolitan School District of Shakamak (the “Qualified Entity”) as more particularly described in APPENDIX A hereto, which general obligation bonds were issued to fund unfunded contractual liabilities for retirement or severance payments as of June 30, 2001. See the caption “PLAN OF REFUNDING” for a discussion of the Refunded Bonds.

#### **The Refunding Program**

The Bond Bank established a program (the “Original Program”) to purchase general obligation bonds issued by certain Indiana school corporations, including the Qualified Obligations of the Qualified Entity, which general obligation bonds were issued to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constituted payments anticipated to be required to be made to employees of each of the Indiana school corporations upon or after the termination of their employment by such school corporations under an existing or previous employment agreement. (See the caption “THE ORIGINAL PROGRAM” for a detailed discussion of the Original Program). In connection with the Original Program, the Bond Bank entered into a purchase agreement in connection with the issuance of the Qualified Obligations by the Qualified Entity (the “Purchase Agreement”) governing the terms for the purchase of the Qualified Obligations from the Qualified Entity. As of the date of issuance of the Bonds, the Bond Bank is the sole holder of the Qualified Obligations. At or prior to delivery of the Bonds, the Bond Bank will obtain a certification from an independent certified public accountant showing that the payments on the Qualified Obligations will be sufficient to pay the principal of and interest on the Bonds when due.

From the proceeds of the Bonds, together with a portion of the proceeds of the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 A (the “Series 2015 A Bonds”), the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 B (the “Series 2015 B Bonds”) and the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 E (the “Series 2015 E Bonds”), which Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds will be issued concurrently with the Bonds, and certain funds on hand or in trust, the Bond Bank intends to refund and defease all of the Refunded Bonds in accordance with the terms of the Prior Indenture (as defined in APPENDIX C herein). Upon defeasance of the Refunded Bonds, the Series 11 Trustee (as defined in APPENDIX C herein) will release the Qualified Obligations from the Prior Trust Estate (as defined in APPENDIX C herein) and the Bond Bank will immediately pledge such Qualified Obligations to the Trustee. Thereafter, the Qualified Obligations will secure payment of the Bonds. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”.

## **Security and Sources of Payment for the Bonds**

The Bonds will be issued under and secured by the Indenture. The Bonds do not constitute a general or moral obligation of the Bond Bank or the State. **The Bond Bank will not maintain a debt service reserve fund for the Bonds and the provisions of Indiana Code 5-1.5-5, pertaining to a moral obligation of the Indiana General Assembly to replenish a debt service reserve fund, do not apply to the Bonds.** Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the Qualified Entity, is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt, liability, or loan of the credit of the State or any political subdivision thereof, including the Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bonds are issued and secured separately from all other obligations issued by the Bond Bank, including the Series 2015 A Bonds, the Series 2015 B Bonds and the Series 2015 E Bonds.

The Bonds are secured by the pledge of the Trust Estate established under the Indenture (the “Trust Estate”), which includes (a) all right, title and interest of the Bond Bank in, to and under the Qualified Obligations; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Bonds; and (d) all revenues held in the Funds and Accounts under the Indenture. All Bonds will be secured equally and ratably by all of the foregoing. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

The principal source of payment on the Bonds will be the principal and interest payments received by the Bond Bank from the Qualified Entity under the Qualified Obligations. The principal of and interest on the Qualified Obligations are payable out of certain ad valorem property tax revenues as further described under the caption, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Provisions for Payment of the Qualified Obligations.” In the event the Qualified Entity fails to meet its requirements to pay principal and interest payments on its Qualified Obligations when due, to the extent available, State funds appropriated for distribution to the Qualified Entity for that year, or funds otherwise held by the State Treasurer or other agencies of the State for the Qualified Entity, may be available to make such payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Indiana State Intercept Programs.”

### **The Bond Bank**

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chair Ex Officio, and the Director of the Indiana Finance Authority, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of August 20, 2015, an aggregate principal amount of approximately \$1,245,858,288 in separate program obligations. Additionally, as of the date of this Limited Underwriting Circular, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Bonds and will not constitute Bonds under the Indenture or for purposes of this Limited Underwriting Circular.

### **The Act**

Pursuant to the Act, the purpose of the Bond Bank is to assist “qualified entities,” defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds or evidences of indebtedness of such qualified entities. Under the Act, “qualified entities” include entities such as cities, towns,



counties, school corporations, library corporations, special taxing districts and nonprofit corporations and associations which lease facilities or equipment to such entities. The Qualified Entity is a “qualified entity” within the meaning of the Act.

### **The Limited Underwriting Circular; Additional Information**

This Limited Underwriting Circular speaks only as of its date, and the information contained herein is subject to change.

The Bonds will be sold to not more than thirty-five (35) investors, each of whom is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” as defined in Regulation D promulgated under the Securities Act. The Purchasers must purchase the Bonds for investment for their own account and not with the view of reselling, distributing or otherwise disposing any or all of the Bonds, and must execute a sophisticated investor letter stating the same on or prior to the closing on the Bonds.

The information contained under the caption “INTRODUCTION” is qualified by reference to this entire Limited Underwriting Circular, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Limited Underwriting Circular, including the appendices hereto, as well as the documents summarized or described in this Limited Underwriting Circular. The summaries of and references to all documents, statutes and other instruments referred to in this Limited Underwriting Circular 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. Certain terms used in this Limited Underwriting Circular are defined in APPENDIX C.

**The Qualified Entity has not provided any information for inclusion in this Limited Underwriting Circular and will provide no representations as to the accuracy or completeness of any information contained herein. Any information in this Limited Underwriting Circular, including the appendices hereof, relating to the Qualified Entity has been derived solely from public sources and not from the Qualified Entity.**

Information contained in this Limited Underwriting Circular with respect to the Bond Bank and the Qualified Entity and copies of the Indenture and the Purchase Agreement may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank’s telephone number is (317) 233-0888.

The Bond Bank’s financial statements can be found at its website at [www.in.gov/tos/bond](http://www.in.gov/tos/bond) and are also available upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture.

### **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

The Bonds are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the Bonds. The Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the Qualified Entity, under the constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the Qualified Entity. The Bond Bank has no taxing power. The Bonds do not constitute a general or moral obligation of the Bond Bank or the State. **The Bond Bank will not maintain a debt service reserve fund for the Bonds (within the meaning of Indiana Code 5-1.5-5) and the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds.** Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chair of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement. However, no debt service reserve fund has been established under the Indenture, and, therefore, the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Trust Estate, which includes (a) all right, title and interest of the Bond Bank in, to and under the Qualified Obligations; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Bonds (while held in the Funds and Accounts established under the Indenture); and (d) all revenues held in the Funds and Accounts under the Indenture. The payments with respect to the Qualified Obligations have been structured, as of the date of issuance of the Bonds, to be sufficient along with other money in the Funds and Accounts under the Indenture, to pay the principal of and interest on the Bonds when due.

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

The Refunded Bonds were issued to provide, in part, for the purchase of the Qualified Obligations. From the proceeds of the Bonds, a portion of the proceeds of the Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds and certain other funds on hand or in trust, the Bond Bank intends to refund and defease all of the Refunded Bonds in accordance with the terms of the Prior Indenture. Upon defeasance of the Refunded Bonds, the Series 11 Trustee will release the Qualified Obligations, and the Bond Bank will pledge to the Trustee as security for the Bonds, the Qualified Obligations. Thereafter, the Qualified Obligations will solely secure the payment of the Bonds. The Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds will be secured under separate trust indentures with separate trust estates; as a result, the Qualified Obligations will not secure the payment on the Series 2015 A Bonds, Series 2015 B Bonds or Series 2015 E Bonds. Information concerning the Qualified Entity and the Qualified Obligations is listed and further described in APPENDIX A. The Qualified Obligation Payments on the Qualified Obligations have been structured to be sufficient, along with other monies in the Funds and Accounts, to pay the principal of and interest on the Bonds when due.

The Qualified Obligations executed and delivered by the Qualified Entity and acquired by the Bond Bank are general obligation bonds of the Qualified Entity originally issued to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constitute payments anticipated to be required to be made to employees of the Qualified Entity upon or after the termination of their employment by the Qualified Entity under an existing or previous employment agreement. See “THE ORIGINAL PROGRAM.”

The Qualified Obligations of the Qualified Entity and certain information related to the Qualified Entity is listed and set forth in APPENDIX A hereto. The Bond Bank has previously entered into a Purchase Agreement with the Qualified Entity to purchase its Qualified Obligations. As of the date of issuance of the Bonds, the Bond Bank is the sole holder of the Qualified Obligations.

The Qualified Obligations are subject to optional redemption prior to the maturity date thereof as further described in APPENDIX A hereto. As a result, if the Qualified Entity elects to redeem its Qualified Obligations in whole or in part, a corresponding amount of Bonds will be redeemed in accordance with the process described herein under “THE BONDS – Optional Redemption.”

**The Qualified Entity has not provided any information for inclusion in this Limited Underwriting Circular and will provide no representations as to the accuracy or completeness of any information contained herein. Any information in this Limited Underwriting Circular, including the appendices hereof, relating to the Qualified Entity has been derived solely from public sources and not from the Qualified Entity.**

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

The Qualified Obligations are general obligations of the Qualified Entity, payable out of ad valorem property tax revenues to be collected on all of the taxable property within the boundaries of the Qualified Entity.

Under Indiana law, the Qualified Entity is required to levy a special tax, in addition to other taxes authorized by law, sufficient to produce each year the necessary funds with which to pay the principal of and interest on its bonds, including its Qualified Obligations. The levy of taxes by the Qualified Entity to pay such principal and interest is mandatory.

## Indiana State Intercept Programs

Indiana Code 20-48-1-11 provides that the Indiana Department of Local Government Finance (the “DLGF”) is, prior to the end of each calendar year, required to review the proposed bond and lease rental *ad valorem* tax levies of each school corporation for the next calendar year and the proposed appropriations for those levies to pay principal of and interest on the school corporation’s outstanding general obligation bonds and to pay the school corporation’s outstanding lease rental obligations (collectively “Debt Service Obligations”) to be due and payable in the next calendar year. The DLGF is to determine whether the proposed levies and appropriations are sufficient to pay the Debt Service Obligations. If it determines that the proposed levies and appropriations are insufficient to pay the Debt Service Obligations, then the DLGF is required to establish for the school corporation bond and lease rental levies and appropriations which are sufficient for the purpose. This section of the Indiana Code can be changed or repealed at any time.

If a school corporation fails to meet its requirements to pay debt service obligations when due, the State Treasurer may be required to pay the Debt Service Obligations from certain funds of the State which would otherwise be distributed to that school corporation. Pursuant to Indiana Code 20-48-1-11, upon the failure of any school corporation to pay when due any of its Debt Service Obligations, the State Treasurer, upon notification by any claimant, is required to make payment of those obligations from State funds to the extent of, but not in excess of, any amounts appropriated by the General Assembly, at its discretion, for that calendar year for distribution to that school corporation, and to deduct the amount of that payment from the amount to be so distributed to that school corporation. There can, however, be no assurance as to the levels or amounts that may from time to time be appropriated by the State General Assembly for school purposes or that this provision of the Indiana Code will not be repealed.

In addition to Indiana Code 20-48-1-11, the payment obligations of the Qualified Entity in respect of its Qualified Obligations are also subject to the provisions of Indiana Code 5-1.5-8-5 (and together with Indiana Code 20-48-1-11, the “Indiana State Intercept Programs”). In the event the Qualified Entity fails to pay its Qualified Obligations when due, pursuant to Indiana Code 5-1.5-8-5, the Bond Bank may notify any department or agency of the State, including the State Treasurer, that is the custodian of money payable to the Qualified Entity (other than for goods or services provided by the Qualified Entity) of such default and the department or agency shall withhold the payment of that money from the Qualified Entity and pay it over to the Bond Bank for the purpose of paying the then due principal and interest on the Qualified Obligations. There can be no assurance as to the levels or amounts of funds that may from time to time be available or that this provision of the Indiana Code will not be repealed.

The Indenture includes provisions providing for the implementation of the Indiana State Intercept Programs by the Trustee in the event the Qualified Entity should fail to pay its Qualified Obligations when due. Specifically, in the event the Qualified Entity should default in its obligation to pay the principal of or interest on the Qualified Obligations when due, the Trustee is required to *immediately* (i) notify the Bond Bank and the State Treasurer and (ii) file a claim with the State Treasurer for an amount equal to the amount of the principal of or interest on such Qualified Obligations which was due under the terms thereof but which was not paid by the Qualified Entity.

## Procedures for Property Assessment, Tax Levy and Collection

The debt service payments by the Qualified Entity are payable from special ad valorem property taxes required by law to be levied or on behalf of the Qualified Entity. Article 10, Section 1 of the Constitution of the State of Indiana (the “Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer’s property tax liability to a specified percentage of the gross assessed value of the taxpayer’s real and personal property. The Indiana General Assembly enacted legislation (Indiana Code Title 6, Article 1.1, Chapter 20.6), which implements the Constitutional Provision and provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See “Circuit Breaker Tax Credit” herein for further details on the levy and collection of property taxes.

In 2015, real and personal property in the State is assessed as of March 1. Beginning in 2016, real and personal property in the State will be assessed each year as of January 1. On or before August 1 of each year, the County Auditor must submit to each underlying taxing unit a statement containing (i) information concerning the

assessed valuation in the taxing unit for the next calendar year; (ii) the estimated assessed value of the taxing unit as of March 1<sup>st</sup> of that year; (iii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current calendar year; (iv) the current assessed valuation as shown on the abstract of charges; (v) the average growth in assessed valuation in the taxing unit over the preceding three budget years, adjusted according to procedures established by Department of Local Government Finance (“DLGF”) to account for reassessment under certain provisions of the Indiana Code; and (vi) any other information at the disposal of the County Auditor that might affect the assessed value used in the budget adoption process. The estimated value is based on property tax lists delivered to the 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. By statute, the budget, tax rate and levy must be established no later than November 1. The budget, tax levy and tax rate are subject to review and revision by the DLGF which, under certain circumstances, may revise, reduce or increase the budget, tax rate, or levy of a taxing unit. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the school corporation is not sufficient to make its lease rental payments. The DLGF must complete its actions on or before February 15. Taxing units have until December 31<sup>st</sup> of the calendar year immediately preceding the ensuing calendar year to file a shortfall appeal.

On or before March 15, the County Auditor prepares the tax duplicate, which is a roll of property taxes payable in that year. Beginning in 2015, the County Auditor, rather than the County Treasurer, is required to publish 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 the mailing of tax bills is delayed or a later due date is established by order of the DLGF. If an installment of property 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; unless 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 after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation. Pursuant to State law, real property is valued for assessment purposes at its “true tax value” as defined in the Real Property Assessment Rule, 50 IAC 2.3, the 2011 Real Property Assessment Manual (“Manual”), as incorporated into 50 IAC 2.3 and the 2011 Real Property Assessment Guidelines, Version A (“Guidelines”), as adopted by the DLGF. The Manual defines “true tax value” for all real property, other than agricultural land, 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 the property.” In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4-13. The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce “accurate and uniform values throughout the jurisdiction and across all classes of property”. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

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

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. Before July 1, 2013, and before May 1 of every fourth year thereafter, the county assessor will prepare and submit to the DLGF a reassessment plan for each county. Beginning in 2016, the DLGF must complete its review and approval of the reassessment plan before January 1 of the year following the year in which the reassessment plan is submitted by the county. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each four (4) year cycle. The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year, and must be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins. For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed. The county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each reassessment cycle. The reassessment of the first group of parcels under a county's reassessment plan began on July 1, 2014 and was to be completed on or before January 1, 2015. Since 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and the previous or current year's assessed value.

### **Circuit Breaker Tax Credit**

The Constitutional Provision, Article 10, Section 1 of the Constitution of the State of Indiana, provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. Indiana Code § 6-1.1-20.6 (the "Statute") authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the "Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in Indiana Code § 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2.0% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3.0% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by 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. School corporations are authorized to impose a referendum tax levy, if approved by voters, to replace property tax revenue that the school corporation will not receive due to the application of the Circuit Breaker Tax Credit. Otherwise school corporations and other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as "eligible counties" and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008, will not be considered for

purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019.

The Statute requires political subdivisions to fully fund the payment of outstanding debt service or lease rental obligations payable from property taxes (“Debt Service Obligations”), regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. For school corporations, any shortfall could also be funded through the State Intercept Program (herein defined); however, application of the State Intercept Program will result in a shortfall in distributions to the school corporation’s general fund so schools are encouraged by the DLGF to fund any shortfall directly from the school corporation’s general fund and avoid the application of the State Intercept Program. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the Treasurer of the State by a claimant; the Treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made: (i) first, from distributions of county adjusted gross, option, or economic development income taxes that would otherwise be distributed to the county; and (ii) second, from any other undistributed funds of the political subdivision in possession of the State.

Pursuant to HEA 1062 (effective March 25, 2014), if a school corporation has sufficient losses from the Circuit Breaker Tax Credit and has such losses timely certified by the DLGF, it will be an eligible school corporation under Indiana Code § 6-1.1-20.6-9.9 (an “Eligible School Corporation”). For 2014, 2015 and 2016, an Eligible School Corporation may allocate its Circuit Breaker Tax Credit loss, for each year, proportionately across all school corporation property tax funds, including the debt service fund, thereby being exempted from the protected taxes requirement described below. Pursuant to the LSA Fiscal Impact Statement accompanying the legislation, the Qualified Entity is not expected to have sufficient losses to qualify as an “Eligible School Corporation”.

Except for an Eligible School Corporation, the Statute categorizes property taxes levied to pay Debt Service Obligations as “protected taxes,” regardless of whether the property taxes were approved at a referendum, and all other property taxes as “unprotected taxes.” The total amount of revenue to be distributed to a fund for which protected taxes were imposed shall be determined as if no Circuit Breaker Tax Credit was applied. The total amount of the loss in revenue due to the application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund using the following criteria: (1) the reduction may be allocated in the amounts determined by the political subdivision using a combination of unprotected taxes of the political subdivision in those taxing districts in which the credit caused a reduction in protected taxes, and (2) the tax revenue and each fund of any other political subdivisions must not be affected by the reduction. If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The Qualified Entity cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State of Indiana or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the Qualified Entity.

According to the DLGF reports identified in APPENDIX A, the Circuit Breaker Tax Credit allocable to the Qualified Entity for budget years 2011 through 2015 are shown in APPENDIX A for the Qualified Entity.

The Circuit Breaker Tax Credit amounts above do 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 in the future. The effects of these changes could affect 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, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax

relief 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.

### **Enforcement of Qualified Obligations**

As the owner of the 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 delivery of the Qualified Obligations to the Bond Bank, the Qualified Entity is deemed to have agreed that all statutory defenses to nonpayment are waived in the event that the Qualified Entity fails to pay principal of, or interest on, the Qualified Obligations when due.

## **PLAN OF REFUNDING**

### **Provision for Payment of the Refunded Bonds**

The Refunded Bonds will be called for optional redemption on July 15, 2016 (the “Redemption Date”), at 100% of the principal amount thereof plus accrued interest to the Redemption Date. The refunding of the Refunded Bonds will be accomplished by depositing, concurrently with the issuance of the Bonds, a portion of the proceeds thereof, together with a portion of the proceeds of the Series 2015 A Bonds, the Series 2015 B Bonds and the Series 2015 E Bonds, and other moneys of the Bond Bank legally available therefor, in an irrevocable escrow account (the “Series 11 Escrow Account”), which will be held by The Bank of New York Mellon Trust Company, N.A., as escrow agent for the Refunded Bonds. Moneys on deposit in the Series 11 Escrow Account will be invested in certain Governmental Obligations, the principal of and interest on which, when due, together with earnings thereon and an initial cash deposit, will provide sufficient moneys for the payment of the principal of and interest on the Refunded Bonds when due and the redemption price of the Refunded Bonds called for optional redemption on the Redemption Date. Upon such deposits and investment, the Refunded Bonds will no longer be outstanding under the Prior Indenture (as defined in APPENDIX C herein), and the indebtedness with respect thereto will be discharged.

### **Verification of Mathematical Sufficiency of Series 11 Escrow Account**

London Witte Group, LLC, Indianapolis, Indiana, a firm of independent public accountants, will deliver to the Bond Bank and the Series 11 Trustee (as defined in APPENDIX C herein), its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Bond Bank and others. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Governmental Obligations (if applicable) deposited into the Escrow Account to pay the principal of and interest on the Refunded Bonds when due and the redemption price of the Refunded Bonds on the Redemption Date described above.

## **THE ORIGINAL PROGRAM**

### **General**

Age discrimination laws, the rapid growth of many school corporations and market-driven increases in teachers’ salaries caused significant increases with respect to the existing unfunded contractual retirement or severance liability of school corporations in the State. The contractual retirement or severance liability of a school corporation means the payments anticipated to be required to be made to employees of the school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

As a solution to this problem, the General Assembly enacted legislation authorizing school corporations to issue general obligation bonds to implement solutions to contractual retirement or severance liability. Originally, the General Assembly enacted, subsequently amended and later repealed Indiana Code 20-5-4-1.7. Following the repeal of Indiana Code 20-5-4-1.7, the General Assembly enacted Indiana Code 21-2-21-1.8, which has been recodified at Indiana Code 20-48-1-2. Bonds issued pursuant to Indiana Code 20-48-1-2 are payable out of ad

valorem taxes to be collected on the taxable property within the boundaries of the school corporation. The school corporation's authority to issue such bonds is subject to the following limitations: (i) the school corporation did not issue bonds under Indiana Code 20-5-4-1.7 or issued bonds under Indiana Code 20-5-4-1.7 before April 14, 2003; (ii) the school corporation may issue such bonds only one time and the bonds have to be issued before July 1, 2006; (iii) the solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as it existed on June 30, 2001; (iv) the amount of bonds that may be issued for the purpose described above may not exceed two percent of the true tax value of property in the school corporation as of the date the school corporation issued bonds under Indiana Code 20-5-4-1.7 minus the amount of bonds the school corporation issued under Indiana Code 20-5-4-1.7 before its repeal; and (v) each year that a debt service levy is needed to satisfy the payment obligations on the bonds, the school corporation must reduce its total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for debt service on such general obligation bonds.

In order to facilitate the implementation of solutions to the contractual retirement or severance liability by the school corporations, the Bond Bank established the Original Program, pursuant to which it issued bonds, including the Refunded Bonds, and used the proceeds to purchase pools of such bonds issued by school corporations, including the Qualified Obligations.

### **Program Participation and Borrowing Limits**

To be considered for participation in the Original Program, each school corporation, including the Qualified Entity, submitted an application to the Bond Bank. Application information and data supplied by the school corporation seeking to participate in the Original Program, including the Qualified Entity, included among other things the following: the unaudited receipts and disbursements for certain calendar years; the anticipated receipts and disbursements for certain calendar years; a list of the ten largest taxpayers; tax collection history; historical and projected budget and levy information; and general economic and demographic information and data.

Upon receipt of applications for participation in the Original Program, each applying school corporation, including the Qualified Entity, was analyzed to determine, consistent with the purposes of the Bond Bank, whether such school corporation would be recommended to participate in the Original Program. Such analysis consisted of an internal financial review undertaken by the Bond Bank and Crowe Horwath, LLP, and the financial advisor to the Bond Bank at the time. The Qualified Entity applied for participation in the Original Program, was analyzed by the Bond Bank and its prior financial advisor and was approved for participation in the Original Program by the Board of Directors of the Bond Bank.

The amount which the Qualified Entity borrowed from the Bond Bank under the Original Program was approved by the DLGF. Based on documentation and estimates supplied by the Qualified Entity at or prior to the time of the issuance of the Refunded Bonds, the Bond Bank's financial advisor performed certain computations to verify that such amount did not exceed two percent of the true tax value of property within the boundaries of the Qualified Entity.

The Qualified Entity was required to represent and warrant certain matters to the Bond Bank in its Original Purchase Agreement in order to be eligible to participate in the Original Program.

### **Refunding Bonds**

Pursuant to the Indenture and the Act, the Bond Bank may issue refunding bonds ("Refunding Bonds") to refund all or any part of the Bonds which may be outstanding. Refunding Bonds will be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, the Indenture and any Supplemental Indenture authorizing the issuance of the Refunding Bonds.



## **RISK FACTORS**

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

The ability of the Bond Bank to pay principal of, and interest on, the Bonds depends upon the receipt by the Bond Bank of payments pursuant to the Qualified Obligations, including interest at the rates provided therein, from the Qualified Entity which is obligated to make such payments to the Bond Bank, sufficient to make such payments. The Bond Bank will not maintain a debt service reserve for the Bonds and the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chair of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

Except as discussed above under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Provisions for Payment of the Qualified Obligations,” there is no source of funds available to make up for any deficiencies in the event of one or more defaults by the Qualified Entity in such payments on the Qualified Obligations. There can be no representation or assurance that the Qualified Entity will receive sufficient taxes or other revenues or otherwise have sufficient funds available to make its required payments on the Qualified Obligations. The Qualified Entity is required by law to levy a tax sufficient to pay debt service on its Qualified Obligations, although the receipt of such revenues by the Qualified Entity is subject to, among other things, future economic conditions, actions by creditors, delays in tax collections as a result of reassessment and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of Qualified Obligations, see the captions “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Provisions for Payment of the Qualified Obligations,” “— Procedures for Property Assessment, Tax Levy and Collection” and “THE ORIGINAL PROGRAM.”

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

## **THE BONDS**

### **General Description**

The Bonds are issuable under the Indenture as fully registered bonds in denominations of \$100,000 plus any integral multiple of \$5,000 in excess thereof. Each Bond will be dated the date of delivery and will bear interest from the most recent Interest Payment Date on which interest was paid prior to the date of authentication of such Bond, unless the Bond is authenticated on or before December 31, 2015, in which case interest will be paid from the original date of the Bond, or unless the Bond is authenticated after a Record Date but on or before the Interest Payment Date, in which case interest will be paid from the immediately succeeding Interest Payment Date.

The Bonds will be issued in the aggregate principal amount of \$1,425,000 and will mature and bear interest as set forth on the inside cover page of this Limited Offering Circular.

For so long as the Bonds are registered in the name of The Depository Trust Company (“DTC”) or its nominee, payments of the principal of, premium, if any, and interest on the Bonds will be paid only to DTC or its nominee. Interest on the Bonds will be paid on each Interest Payment Date by wire transfer to DTC or its nominee. Principal will be paid to DTC or its nominee upon presentation and surrender of the Bonds at the principal office of the Trustee. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner’s receipt

from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal or interest on the Bonds. See “THE BONDS — Book-Entry System.”

If the Bonds are no longer registered in the name of DTC or its nominee, or any other clearing agency, interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, commencing on the first Interest Payment Date after the Bonds are no longer so registered by check issued by the Paying Agent dated the due date and mailed one Business Day prior to each Interest Payment Date to the registered Owners as of the close of business on the most recent Record Date or by wire transfer to Owners of \$1,000,000 or more in principal amount of the Bonds upon written request of such owners. Principal will be payable on the maturity date of such Bond upon presentation of the Bond at the designated corporate trust office of the Trustee.

### **Optional Redemption**

The Bonds maturing on January 15, 2017, and thereafter, are subject to redemption prior to maturity at the option of the Bond Bank, in whole or in part, on any date on or after July 15, 2016, without penalty or premium, at a price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Qualified Entity and the Qualified Obligations” and APPENDIX A herein.

### **Mandatory Redemption**

The Bonds maturing on January 15, 2027 are Term Bonds and are also subject to mandatory sinking fund redemption prior to maturity at a price equal to the principal amount thereof, but without premium, plus accrued interest to the redemption date, on the dates indicated below:

<b>Date</b>	<b>Principal Amount</b>
January 15, 2016	\$45,000
July 15, 2016	45,000
January 15, 2017	50,000
July 15, 2017	55,000
January 15, 2018	50,000
July 15, 2018	50,000
January 15, 2019	50,000
July 15, 2019	55,000
January 15, 2020	55,000
July 15, 2020	55,000
January 15, 2021	60,000
July 15, 2021	60,000
January 15, 2022	60,000
July 15, 2022	65,000
January 15, 2023	65,000
July 15, 2023	70,000
January 15, 2024	70,000
July 15, 2024	70,000
January 15, 2025	75,000
July 15, 2025	75,000
January 15, 2026	80,000
July 15, 2026	80,000
January 15, 2027	85,000*

\* Final Maturity

The Trustee is required to credit against the mandatory sinking fund requirement for the Term Bonds maturing on January 15, 2027, as set forth above, any Bonds of such maturity delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Bond of such maturity so delivered or canceled will be credited by

the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date. Any amount in excess of such amount will be credited to future redemption obligations, and the principal amount of such Bonds of such maturity to be redeemed by operation of the mandatory sinking fund requirements will be accordingly reduced; provided, however, the Trustee will credit such Bond only to the extent they are received on or before 45 days preceding the applicable mandatory redemption date as set forth above.

### **Notice of Redemption**

Notice of any redemption, identifying the Bonds to be redeemed, will be given by the Trustee at least 30 days but not more than 45 days prior to the Redemption Date by mailing a copy of the redemption notice by registered or certified mail to the registered Owner of each Bond to be redeemed at the address shown on the Bond Register; provided, however, if any Term Bond is subject to mandatory sinking fund redemption on a date which is less than thirty (30) days after the date of issuance of the applicable Series of Bonds, the Trustee shall mail a copy of the redemption notice by first class, registered or certified mail, no later than one (1) business day after the date of issuance of the applicable Series of Bonds.

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will send notices of redemption of Bonds only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any notices of redemption. See "THE BONDS — Book-Entry System."

### **Redemption Payments**

Prior to the date fixed for redemption, there must be on deposit with the Trustee sufficient funds to pay the redemption price of the Bonds subject to redemption, together with the accrued interest on the Bonds to the redemption date. After the redemption date, if sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Bonds that have been called for redemption.

For so long as the Bonds are registered in the name of DTC or its nominee, redemption payments on the Bonds will be paid by the Trustee only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any redemption payments on any Bonds. See "THE BONDS — Book-Entry System."

### **Selection of Bonds for Redemption**

If fewer than all of the Bonds are to be redeemed, the Bonds will be redeemed only in whole multiples of \$100,000 plus any integral multiple of \$5,000 in excess thereof. For purposes of redemption, each \$100,000 plus any integral multiple of \$5,000 in excess thereof of principal will be considered as a Bond. If fewer than all of the Bonds will be called for redemption, the principal amount and maturity of the particular Bonds to be redeemed will be selected by the Bond Bank. The Trustee will select the particular Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine.

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will select for redemption only Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owner's interests in the Bonds. See "THE BONDS — Book-Entry System."

### **Exchange and Transfer**

The Bonds may be transferred or exchanged at the designated corporate trust office of the Trustee, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax

or other governmental charge for any such transfer or exchange that may be imposed upon the Bond Bank or the Trustee.

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

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

### **Book-Entry System**

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

The Depository Trust Company ("DTC"), New York, New York, will act as the depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. The ownership of one fully-registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co.

DTC, the world's largest 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 rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 and tender notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Payments of principal, interest, redemption prices and purchase prices, respectively, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the Bond Bank, on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, redemption prices and purchase prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee as well as the Bond Bank, as the case may be. 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 Bonds at any time by giving reasonable notice to the Bond Bank and the Trustee, as applicable. Under such circumstances, in the event that a successor securities depository is not obtained, the Bonds are required to be printed and delivered.

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

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

The Trustee and the Bond Bank, with respect to the Bonds 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 Bonds from DTC. In the event a Participant utilizes DTC's withdrawal process, the Bonds will be printed and delivered.

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

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

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

#### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds related to the refunding of the Refunded Bonds and paying costs incidental to the sale and delivery of the Bonds are estimated as shown below:

Sources of Funds:

Principal Amount of Bonds <sup>(1)</sup>	\$ 1,394,362.50
Portion of the Series 2015 A Bonds	\$70,174,206.98
Portion of the Series 2015 B Bonds	\$ 1,517,153.26
Portion of the Series 2015 E Bonds	\$ 5,187,903.60
Funds on Hand <sup>(2)</sup>	\$ 169,959.00
 TOTAL SOURCES	 \$78,443,585.34

Uses of Funds:

Cost of Escrow	\$78,399,022.84
Cost of Issuance <sup>(3)</sup>	\$ 44,562.50
 TOTAL USES	 \$78,443,585.34

(1) consisting of the par amount of the Bonds (\$1,425,000.00) less original issue discount of \$30,637.50.

(2) consisting of \$33,875.00 of funds on hand of the Bond Bank and \$136,084.00 of funds released under the Series 11 Indenture.

(3) includes Underwriter's discount.

## THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

### **Powers Under the Act**

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;
3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;
4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;
5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;
6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;
7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;
8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;
9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;
10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and
11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide

funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 20-49-4; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

### **Organization and Membership of the Bond Bank**

The membership of the Board of Directors of the Bond Bank (the “Board”) consists of seven Directors: the Treasurer of State, serving as Chair Ex Officio, the Director of the Indiana Finance Authority, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below. Upon expiration of such term, a Director will continue to serve until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Board elects one Director to serve as Vice Chair. The Board also appoints and fixes the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board.

### **Directors**

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

Kelly M. Mitchell, Chair Ex Officio; Treasurer of the State, November 18, 2014 to present. Residence: Indianapolis, Indiana. Previously, Director, TrustINDiana, Local Government Investment Pool, 2007 to 2014; Business Development, United Consulting, 2004 to 2007; Cass County Commissioner, 1997 to 2004; Board



President, Cass County Commissioners, 5 years; Logansport-Cass County Economic Development Commission, 1998 to 2004.

Dennis L. Bassett, Public Finance Director of the State April, 2015 to present. Residence: Zionsville, Indiana. Director of the Department of Financial Institutions, State of Indiana, 2014-2015; Chairman, JPMorgan Chase Indiana, 2005-2013; Chief Executive Officer (Indiana), Bank One, 2003-2005; President (Indiana), Huntington Bank, 2001-2003; Senior Managing Director and Manager (Large Corporate Banking), Bank One Capital Markets, 1998-2001; Senior Vice President and Manager (Large Corporate Banking-Midwest Division), First Chicago NBD, 1995-1998; Senior Vice President and Manager of the Indiana Corporate Group, NBD, 1992-1994; Senior Vice President and Manager of Metropolitan Division, Indiana National Bank, 1991-1992; present civic activities include, Butler University Board of Trustees; Central Indiana Corporate Partnership; Indiana State Chamber of Commerce; Greater Indianapolis Progress Committee, Director; Indiana Sports Corporation, Director; Indianapolis Symphony Orchestra, Director; Center for Leadership Development, Director; Arts Council of Indianapolis, Director; Sharon L. Bassett Foundation, Director.

Patrick F. Carr, Vice-Chair; term expired July 1, 2011. Residence: Indianapolis, Indiana. President & Chief Financial Officer, Golden Rule Insurance Company, United Healthcare, 2010 to present; Golden Rule, Senior Vice President, Chief Financial Officer, 2005 to 2010; Mayflower Transit, Inc., President and CEO, 1995-2005; President of the Board, American Medical Insurance Company, 2006 to present; Treasurer of the Board, Center for Leadership, 2006 to present; Chairman of the Investment Committee, Catholic Community Foundation, 2009 to present; Board of Advisors, Langham Logistics, 2008 to present; Treasurer of Board of Directors, Legatus of Indiana, 1995 to present; Member of the Board of Directors, OneAmerica Financial Partners, Inc., 2013 to present; Member of the Indiana CPA Society, American Institute of CPAs, and Financial Executive Institute.

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

David O. Mann, Director; term expires June 1, 2017. Residence: Indianapolis, Indiana. Managing Partner, Spring Mill Venture Partners, 2002 to present; Co-Managing Partner, The Firefly Group, 2014 to present; Naval Officer, United States Navy, 1991 to 2011; ServiceMaster Ventures, The ServiceMaster Company, 1999 to 2001; Summer Associate, Invesco, 1998; Member of the Board of Directors, AIT Laboratories, 2013 to present; Member of the Board of Directors, BioStorage Technologies, 2006 to present; Member of the Board of Directors, Express Medical Transporters, 2014 to present; Member of the Board of Directors, WebLink International, 2008 to present; Member of the Board of Directors, HVAF, 2008 to present; Member of the Board of Visitors, Marian University School of Business, 2013 to present; Member of the Board of Advisors, Purdue Emerging Innovations Fund, 2012 to present; Member of the Dean's Advisory Council, Indiana University School of Informatics and Computing, 2010 to present; Member, Legatus of Indiana, 2008 to present.

Cyndi Walsh, Director; term expires June 1, 2017. Residence: Crown Point, Indiana. President of Walsh Financial Services, 2002 to present; Managing Partner and CFO, National Bond and Trust, 2002 to 2012. Vice President, Capital Markets and various roles, Bank of America (including former Continental Bank) 1988 to 2002. Financial Auditor, Federal Reserve Bank of Chicago, 1986-1988. Member of the Board of Directors, Indiana Education Savings Authority, 2011-2013; Board Member, Indiana Public Employees Retirement Plan, 2008-2010; Board Member, Indiana Teachers Retirement Plan, 2006-2008. Chairman Finance Council, St. Mary's Church 2005-2014.

Marjorie H. O'Laughlin, Director; term expires September 30, 2017. Residence: Indianapolis, Indiana. Member of the Board of Trustees of the MCHC, 2002-2013; Treasurer of the Marion County Health & Hospital Corporation, 1995-2002; Treasurer of the State of Indiana, 1986-1994; Clerk, Indiana Supreme Court and Court of Appeals, 1978-1986; Vice Chairman, Marion County Republican Central Committee, 1972-1978; Indianapolis City Clerk, 1967-1974. Past Board memberships, Indiana Aids Fund; Damian Center: Little Red door Cancer Society; Julian Center; Kiwanis Club of Indianapolis Club and Foundation; Ruth Lilly Center.

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

The Board is authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board. Ron Mangus was appointed Executive Director of the Indiana Bond Bank effective January 9, 2015. Mr. Mangus previously served as Deputy Director with the Bond Bank and has over nineteen years experience with the Bond Bank. He holds a Master's in Public Affairs from Indiana University and a B.A. from Purdue University.

## **OPERATION OF FUNDS AND ACCOUNTS**

The Indenture creates the following Funds and Accounts held by the Trustee:

### **General Fund**

General Fund, consisting of:

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

### **General Account**

The Trustee will deposit in the General Account all Revenues and all income or gain on Investment Securities attributable to any fund or account.

Moneys in the General Account of the General Fund will be disbursed as follows: (i) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay interest due to be paid on Outstanding Bonds on such Interest Payment Date; (ii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Bonds on such Interest Payment Date; and (iii) as necessary to the Bond Bank amounts to pay Program Expenses.

### **Redemption Account**

There will be deposited in the Redemption Account all moneys received upon the sale or optional or mandatory redemption (prior to maturity) of Qualified Obligations and all other moneys required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Account will be distributed as follows: (i) on the last day of each month, to the General Account, an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed prior to maturity, (ii) on the second Business Day prior to any Interest Payment Date, if amounts in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, to the General Account amounts in the Redemption Account available for such transfer and not otherwise committed under the Indenture to the redemption of Bonds for which notice of redemption has been given; and (ii) after provision has been made for the payments required under (i) and (ii) above to (a) redeem Bonds of such maturity or maturities as may be directed by an Authorized Officer if such Bonds are then subject to redemption; (b) to the extent there are moneys in the Redemption Account, transferred to the General Account; (c) 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 (d) make investments of such moneys until the payment of the Bonds at their maturities or maturity in accordance with the Indenture. Such price may not, however, exceed the redemption price which would be payable on the next ensuing redemption date on which the Bonds so purchased are redeemable according to their terms unless the Trustee is provided with a Cash Flow Certificate as described in the Indenture. The Trustee will pay the interest accrued on any Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will

be made by the Trustee within the period of sixty (60) days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption.

At the direction of the Bond Bank, the Trustee may transfer any amounts in the Redemption Account to the General Account of the General Fund provided that the Trustee is provided with a Cash Flow Certificate taking into account such transfer.

### **Bond Issuance Expense Account**

The Trustee will deposit \$33,875.00 of funds on hand in the Bond Issuance Expense Account for the purpose of paying the costs associated with issuing the Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. All funds in the Bond Issuance Expense Account which are not expended for Costs of Issuance on the date which is two hundred ten (210) days following the date of issuance of the Bonds will be transferred to the General Account of the General Fund, at which time the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

### **Amounts Remaining in Funds**

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

### **Investment of Funds**

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

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited as received in the General Account. Any investment income, gains or losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

## **THE BONDS AS LEGAL INVESTMENTS**

Under the Act, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds and notes of the Bond Bank issued under the Act, including the Bonds.

## LITIGATION

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, (2) prohibiting the Bond Bank from purchasing the Qualified Obligations with the proceeds of such Bonds, (3) in any way contesting or affecting the validity of the Bonds or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested. The Bond Bank makes no representations or warranties regarding any actions, suits, proceedings, inquiries or investigations pending or threatened against the Qualified Entity or the validity of the Qualified Obligations.

## TAX MATTERS

Interest on the Bonds is not excludable from gross income for federal income tax purposes. In the opinion of Ice Miller LLP, Bond Counsel, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana for all purposes, except for the State financial institutions tax. See APPENDIX B attached hereto for form of Bond Counsel Opinion.

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

## LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the Bond Bank are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Bonds substantially in the form attached as APPENDIX B hereto. Certain legal matters will be passed upon for the Bond Bank by its general counsel, Barnes & Thornburg LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriter by its counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Bonds upon an Event of Default under the Indenture, under the terms of the Qualified Obligations purchased by the Bond Bank and under the terms of the Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Qualified Obligations or the Purchase Agreement may not be readily available or may be limited. Under Federal and State environmental laws, certain liens may be imposed on property of the Bond Bank or the Qualified Entity from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the payments on the Qualified Obligations pledged to owners of the Bonds under the Indenture or over the lien on the property taxes pledged to the owner of the Qualified Obligations under its resolution. The various legal opinions to be delivered concurrently with the delivery of the 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 (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the Qualified Entity, the State and the United States of America. These exceptions would encompass any exercise of any of the Qualified Entity's police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Qualified Obligations or the Purchase Agreement in situations where such enforcement may adversely affect public health and welfare may be subject to the police powers of the State or the Qualified Entity.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to 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.

### **NO RATING**

Neither the Bond Bank nor the Qualified Entity applied to any rating service for a rating on the Bonds.

### **LIMITED UNDERWRITING**

The Bonds will be sold pursuant to the exceptions listed in Section (d) to the Securities and Exchange Commission (“SEC”) rule 15c2-12 (the “SEC Rule”). As a result, the Bonds will be sold to not more than thirty-five (35) investors, each of whom is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” as defined in Regulation D promulgated under the Securities Act. The Purchasers must purchase the Bonds for investment for their own account and not with the view of reselling, distributing or otherwise disposing any or all of the Bonds, and must execute a sophisticated investor letter stating the same on or prior to the closing on the Bonds. Under a limited underwriting bond purchase contract entered into between the Underwriter and the Bond Bank, the Bonds are being purchased by the Underwriter for reoffering at an aggregate purchase price of \$1,383,675.00. The purchase price reflects the principal amount of the Bonds, less original issue discount of \$30,637.50 and an aggregate Underwriter’s discount of \$10,687.50. The limited underwriting bond purchase contract provides that the Underwriter will purchase all of the Bonds if any are purchased and that the Purchasers will execute a sophisticated investor letter on or prior to the closing on the Bonds. The obligations of the Bond Bank to deliver the Bonds and of the Underwriter to accept delivery of the Bonds are subject to various conditions contained in the limited underwriting bond purchase contract.

### **CERTAIN RELATIONSHIPS**

Raymond James & Associates, Inc., the Underwriter, will receive compensation for serving as bidding agent in conducting a competitive bid procurement process for the investment of some or all of the proceeds of the Bonds in the Escrow Account.

### **CONTINUING DISCLOSURE**

#### **General**

The Qualified Entity delivered a continuing disclosure agreement in connection with the issuance of its Qualified Obligations (the “Qualified Entity Disclosure Agreement”). Pursuant to the Qualified Entity Disclosure Agreement, the Qualified Entity has agreed to provide the Bond Bank certain event notices (the “Qualified Entity Event Notices”) for so long as such Qualified Obligations remain outstanding.

The Bond Bank will voluntarily execute a continuing disclosure agreement (the “Bond Bank Voluntary Disclosure Agreement”) for the benefit of the Underwriter and the Purchasers of the Bonds. As described above, under the caption “LIMITED UNDERWRITING”, the Bonds will be sold pursuant to the exceptions listed in Section (d) to the SEC Rule; therefore the Bond Bank Voluntary Disclosure Agreement would not otherwise be required but for the request of the Underwriter and the Purchasers. Pursuant to the Bond Bank Voluntary Disclosure Agreement, the Bond Bank agrees, upon the receipt thereof, to provide to the Underwriter and the Purchasers of the Bonds with the Qualified Entity Event Notices within ten business days of receipt thereof. The disclosure obligations of the Bond Bank and the Qualified Entity are referred to herein as the “Undertakings.”

The Undertakings will only be provided while the Bonds are outstanding or until the Bonds or the Qualified Obligations are legally defeased, redeemed or paid in full.

## **Remedy**

The Undertakings are solely for the benefit of the Purchasers of the Bonds and the Underwriter. The sole remedy against the Bond Bank or the Qualified Entity for any failure to carry out any provision of the Undertakings will be for specific performance of the Bond Bank's or the Qualified Entity's disclosure obligations under the Undertakings. The Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds, will), or any holder or Beneficial Owner of the Bonds, may seek a mandate or specific performance by court order, to cause the Bond Bank or the Qualified Entity to comply with its obligations under the Undertakings. For the purposes of this section only, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding any Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bond for federal income tax purposes.

Failure on the part of the Bond Bank or the Qualified Entity to honor its Undertaking will not constitute a breach or default under the Bonds, the Indenture, the Qualified Obligations or any other agreement to which the Bond Bank or the Qualified Entity is a party.

## **Modification of Undertakings**

The Bond Bank, the Trustee and the Qualified Entity may, from time to time, amend any provision of the Undertakings without the consent of the holders or Beneficial Owners of the Bonds if: (a) such amendment (if related to certain provisions of the Undertakings) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or the Qualified Entity or type of business conducted, and (b) such amendment either (i) is approved by the purchasers of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the Underwriter or the Purchasers of the Bonds.

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

## **MISCELLANEOUS**

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, telephone (317) 233-0888.

All quotations from, and summaries and explanations of, the Act, the Indenture and the Purchase Agreements contained in this Limited Underwriting Circular do not purport to be complete and reference is made to each such document or instrument for full and complete statements of its provisions. The attached Appendices are an integral part of this Limited Underwriting Circular and must be read together with all of the foregoing statements. Copies in a reasonable quantity of the Act, the Indenture, the form of Purchase Agreement, and the supplemental materials furnished to the Bond Bank by the Qualified Entity may be obtained upon request directed to the Bond Bank.

The Bond Bank's financial statements can be found at its website at [www.in.gov/tos/bond](http://www.in.gov/tos/bond) and are also available upon written request to the Bond Bank. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture.

Neither any advertisement of the Bonds nor this Limited Underwriting Circular is to be construed as constituting an agreement with the Purchasers of the Bonds. So far as any statements are made in this Limited Underwriting Circular involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Limited Underwriting Circular has been duly approved, executed and delivered by the Bond Bank.

INDIANA BOND BANK

By: Kelly M. Mitchell  
Chair Ex Officio

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## **APPENDIX A**

### **CERTAIN INFORMATION REGARDING THE QUALIFIED ENTITY AND THE QUALIFIED OBLIGATIONS**

**The Qualified Entity has not provided any information for inclusion in this Appendix A and will provide no representations as to the accuracy or completeness of any information contained herein. Any information in this Appendix A relating to the Qualified Entity has been derived solely from public sources and not from the Qualified Entity.**

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## Metropolitan School District of Shakamak

### Enrollment

<u>School Year</u>	<u>Enrollment</u>
2014-2015	822
2013-2014	821
2012-2013	824
2011-2012	855
2010-2011	856

Source: Indiana Department of Education

### State Aid

<u>Year</u>	<u>Amount</u>
2015	\$ 5,489,841
2014	5,522,600
2013	5,359,614
2012	5,689,416
2011	6,114,663

Source: Indiana Department of Education

### Certified Net Assessed Valuation

<u>Pay Year</u>	<u>Net Assessed Valuation</u>
2015	\$ 73,070,234
2014	68,990,177
2013	66,764,325
2012	62,210,488
2011	58,057,467

Source: Indiana Department of Local Government Finance Budget Orders for the respective years

**Metropolitan School District of Shakamak (Continued)**

**Circuit Breaker**

<u>Pay Year</u>	<u>Circuit Breaker Loss</u>
2015	\$ 35,062
2014	47,034
2013	52,907
2012	43,021
2011	279

Source: Indiana Department of Local Government Finance Impact of the Property Tax Caps Reports for the respective years

**Cash Balances**

<u>Fund</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
General	\$ 241,971	\$ 297,016
Debt Service	163,282	158,331
Transportation	37,661	23,521
Bus Replacement	126,739	122,546
Capital Projects	137,014	66,131
Pension Debt Service	83,467	122,886
Exempt Debt Service	N/A	N/A

Source: Indiana Department of Education

**Qualified Obligations**

Designation: Metropolitan School District of Shakamak  
Taxable General Obligation Pension Bonds of 2006

Amount Outstanding: \$1,415,000

Final Maturity: January 5, 2027

Optional Redemption: July 5, 2016 and thereafter, at par, plus accrued interest to the redemption date

## APPENDIX B

### FORM OF BOND COUNSEL OPINION

Upon the delivery of the Bonds, Ice Miller LLP, as bond counsel, proposes to deliver an opinion in substantially the following form:

September 15, 2015

Indiana Bond Bank  
Indianapolis, Indiana

Raymond James & Associates, Inc.  
Memphis, Tennessee

Re: Indiana Bond Bank Taxable School Severance Funding Refunding Bonds,  
Series 2015 D ("Bonds")  
Total Issue: \$1,425,000

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank ("Bond Bank") of its Bonds, dated September 15, 2015, in the aggregate principal amount of \$1,425,000 pursuant to a Trust Indenture, dated as of September 1, 2015 ("Indenture"), between the Bond Bank and The Huntington National Bank, as Trustee, Registrar and Paying Agent. We have examined the law and the certified transcript of proceedings of the Bond Bank relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified transcript of proceedings and other certificates of public officials and we have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding limited obligations of the Bond Bank enforceable in accordance with their respective terms and are payable from and secured only by the Trust Estate (as defined in the Indenture).
2. The Indenture is a valid and binding agreement of the Bond Bank, enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Trust Estate, subject to application to the purposes and on the conditions permitted by the Indenture.
3. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana (the "State").

We express no opinion with respect to the laws of any jurisdiction other than the federal laws of the United States of America and the State. The opinion expressed above is based upon such laws as are in effect on the date hereof and we expressly disclaim any undertaking to advise you of any subsequent changes therein.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Limited Underwriting Circular dated August 20, 2015 or any other offering material relating to the Bonds, and we express no opinion relating thereto.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law and equity; and (ii) the valid exercise of the constitutional powers of the State and the United States of America. We express no opinion with regard to particular remedies available to registered owners of the Bonds.

This opinion is being furnished to you for your sole use only in connection with this transaction, and no other party is entitled to rely on it without our written consent. The opinion expressed above expresses the professional judgment of the attorneys participating in the transaction as to the legal issues addressed herein. By rendering such opinion, the undersigned does not become an insurer or guarantor of that expression of professional judgment or of the transaction opined upon. Nor does the rendering of this opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Very truly yours,

## APPENDIX C

### DEFINITIONS

The following are definitions of certain terms used in this Limited Underwriting Circular (including its Appendices) and the Indenture:

“Accounts” means the accounts created pursuant to the Indenture.

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

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

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

“Beneficial Owner” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bond Bank” means the Indiana Bond Bank, a body corporate and politic, not a state agency, but an independent public instrumentality of the State exercising essential public functions, or any successor to its functions.

“Bond Bank’s Disclosure Agreement” means the Voluntary Continuing Disclosure Agreement, dated September 15, 2015, executed by the Bond Bank in favor of the Underwriter and the Purchasers, which contains certain promises of the Bond Bank to provide notices of certain material events received from the Qualified Entity pursuant to the Qualified Entity Disclosure Agreement.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term means the registered owner of any Bond.

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

“Bonds” means, collectively, the Series 2015 D Bonds and any Refunding Bonds issued pursuant to the Indenture and any Supplemental Indenture.

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

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

“Costs of Issuance” shall mean items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

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

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

“Event of Default” means any occurrence of an event specified in the Indenture.

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

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

“Funds” means the funds created pursuant to the Indenture.

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

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

“Governmental Obligations” means: (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Indenture” means the Trust Indenture, dated as of September 1, 2015, between the Bond Bank and The Huntington National Bank, and all supplements and amendments hereto entered into pursuant to the terms thereof.

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

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

“Investment Securities” means any of the following:

- (a) Governmental Obligations;
- (b) Federal Housing Administration debentures;
- (c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
  - (i) Federal Home Loan Mortgage Corporation (FHLMC);
  - (ii) participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - senior debt obligations;
  - (iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
  - (iv) Federal Home Loan Banks (FHL Banks) consolidated debt obligations;



- (v) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
  - (vi) Student Loan Marketing Association (SLMA) senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);
  - (vii) Financing Corporation (FICO) debt obligations; and
  - (viii) Resolution Funding Corporation (REFCORP) debt obligations;
- (d) unsecured certificates of deposit, time deposits and bankers' acceptances (having maturities of not more than 30 days) of any bank, the short-term obligations of which are rated "AA-" or better by S&P;
- (e) deposits, the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million;
- (f) commercial paper (having original maturities of not more than 270 days) in one of the two highest short-term rating categories by S&P and Moody's without regard to gradation;
- (g) money market funds rated "AAm" or "AAm-G" by S&P, or better, which funds may be funds of the Trustee or any of its affiliates;
- (h) "State Obligations," which means:
- (i) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state, the unsecured general obligation debt of which is rated "Aa3" by Moody's and "AA-" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;
  - (ii) direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "AA-" by S&P and "Aa3" by Moody's; and
  - (iii) special revenue bonds (as defined in the Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated "AA" or better by S&P and "Aa" or better by Moody's;
- (i) pre-refunded municipal obligations rated "AA+" by S&P and "Aaa" by Moody's meeting the following requirements:
- (i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
  - (ii) the municipal obligations are secured by cash or United States Treasury Obligations, which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
  - (iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(vi) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) repurchase agreements with: (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA-" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "AA-" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "AA-" or better by S&P and Moody's, provided that:

(i) the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "AA-" rating in an "AA-" rated structured financing (with a market value approach);

(ii) the Trustee or a third party acting solely as agent therefor or for the Bond Bank (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) all other requirements of S&P in respect of repurchase agreements shall be met; and

(v) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "AA-" by S&P or "Aa3" by Moody's, as appropriate, the provider must, at the direction of the Bond Bank or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Bond Bank or the Trustee;

notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (i) above, so long as such collateral levels are 103% or better and the provider is rated at least "AA-" by S&P and Moody's, respectively;

(k) investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company), the long-term debt of which, or, in the case of a guaranteed corporation, the long-term debt, or, in the case of a monoline financial guaranty insurance company, the claims paying ability, of the guarantor, is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice, and the Bond Bank and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Bond Bank or the Trustee receives the opinion of domestic counsel that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Bank or the Trustee;

(v) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either: (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Bond Bank, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "AA-" rating in an "AA-" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "AA-" or "Aa3," respectively, the provider must, at the direction of the Bond Bank or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Bond Bank or the Trustee;

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(vii) the investment agreement must provide that if during its term:

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

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Bond Bank or the Trustee, as appropriate; and

(l) investment deposit agreements constituting an obligation of a bank, as defined by the Indiana Bank Act (including the Trustee and its affiliates), whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the two highest rating categories by S&P and Moody's.

"Moody's" means Moody's Investors Service or any successor thereto.

“Notice Address” means, with respect to the Qualified Entity, the Qualified Entity’s address given in connection with the sale of its Qualified Obligations to the Bond Bank, and, with respect to the Bond Bank and the Trustee:

Bond Bank:	Indiana Bond Bank 2980 Market Tower Indianapolis, IN 46204 Attention: Chair Ex Officio
Trustee:	The Huntington National Bank, as Trustee 45 North Pennsylvania Street INHP22 Indianapolis, IN 46204 Attention: Corporate Trust Department

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and which is acceptable to the Bond Bank and the Trustee.

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

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

- (i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bonds deemed paid under the Indenture; and
- (iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture or under any Supplemental Indenture.

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

“Prior Indenture” means the Trust Indenture, dated as of July 1, 2006, between the Bond Bank and the Prior Trustee, pursuant to which the Refunded Bonds were authorized and secured.

“Prior Trustee” means the Series 11 Trustee.

“Prior Trust Estate” means the trust estate or other security interest created and established by the Prior Indenture which created a security interest in, and a lien on, the Qualified Obligations and the earnings thereon and all proceeds thereof.

“Program” means the program for purchasing Qualified Obligations by the Bond Bank pursuant to the Act.

“Program Expenses” means all of the fees and expenses of the Trustee, to the extent properly allocable to the Program.

“Purchase Agreement” means the Qualified Entity Purchase Agreement between the Bond Bank and the Qualified Entity, pursuant to which the Qualified Obligations were sold, executed or delivered to the Bond Bank and acquired with a portion of the Refunded Bonds.

“Purchase Contract” means the Limited Underwriting Bond Purchase Contract for the Bonds, between the Bond Bank and the Underwriter, dated August 20, 2015, which was authorized at the meeting of the Board of Directors of the Bond Bank on June 9, 2015.

“Purchasers” means, as to the initial issuance of the Bonds, The Peoples State Bank.

“Qualified Entity” means the Metropolitan School District of Shakamak, an entity defined in Indiana Code 5-1.5-1-8, as amended from time to time.

“Qualified Entity Disclosure Agreement” means the Continuing Disclosure Agreement from the Qualified Entity in connection with the issuance of its Qualified Obligations for the benefit of the Bond Bank and each bondholder secured thereby, which contains certain promises of the Qualified Entity, including a promise to provide certain continuing disclosure.

“Qualified Obligation” means the Qualified Obligations of the Qualified Entity, a Security (as that term is defined in the Act), which were acquired by the Bond Bank in connection with the Program pursuant to the Prior Indenture and which will be released from the lien of the Prior Trust Estate upon the defeasance of the Refunded Bonds and will automatically be subject to the lien of the Trust Estate created under the Indenture.

“Qualified Obligation Interest Payment” means that portion of a Qualified Obligation Payment which represents the interest due or to become due on the Qualified Obligations held by the Trustee pursuant to the Indenture.

“Qualified Obligation Payment” means the amounts paid or required to be paid, from time to time, for the principal of and interest on the Qualified Obligations held by the Trustee pursuant to the Indenture.

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

“Record Date” means, with respect to any Interest Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date.

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

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

“Refunded Bonds” means the Indiana Bond Bank Taxable School Severance Funding Bonds Series 11, dated as of July 15, 2006, issued in the original aggregate principal amount of \$121,670,000 and currently outstanding in the aggregate principal amount of \$74,280,000, which were issued under and secured by the Prior Indenture.

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

“Revenues” means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture, including, without limitation, all Qualified Obligation Payments.

“S&P” means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, or any successor thereto.

“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“Series 11 Bonds” means the Indiana Bond Bank Taxable School Severance Funding Bonds Series 11, dated July 15, 2006, issued in the aggregate principal amount of \$121,670,000 and currently outstanding in the aggregate principal amount of \$74,280,000, which were issued under and secured by the Series 11 Indenture.

“Series 11 Escrow Account” means the escrow account created and established under the Series 11 Escrow Agreement.

“Series 11 Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Series 11 Escrow Agreement.

“Series 11 Escrow Agreement” means the Escrow Agreement, dated as of September 1, 2015, among the Bond Bank, the Series 11 Escrow Agent and the Series 11 Trustee, providing for the defeasance of the Refunded Series 11 Bonds and the release of the Series 11 Indenture.

“Series 11 Indenture” means the Trust Indenture, dated as of July 1, 2006, between the Bond Bank and the Series 11 Trustee, pursuant to which the Refunded Series 11 Bonds were authorized and secured.

“Series 11 Trustee” means The Bank of New York Mellon Trust Company, N.A., as successor trustee under the Series 11 Indenture.

“Series 2015 A Bonds” means the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 A, dated September 15, 2015, issued in the aggregate principal amount of \$103,490,000, pursuant to the Trust Indenture dated as of September 1, 2015, between the Bond Bank and The Huntington National Bank, authorizing and securing such Series 2015 A Bonds.

“Series 2015 B Bonds” means the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 B, dated September 15, 2015, issued in the aggregate principal amount of \$5,035,000, pursuant to the Trust Indenture dated as of September 1, 2015, between the Bond Bank and The Huntington National Bank, authorizing and securing such Series 2015 B Bonds.

“Series 2015 D Bonds” means the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 D dated September 15, 2015, issued in the aggregate principal amount of \$1,425,000, pursuant to the Indenture.

“Series 2015 E Bonds” means the Indiana Bond Bank Taxable School Severance Funding Refunding Bonds, Series 2015 E, dated September 15, 2015, issued in the aggregate principal amount of \$5,185,000, pursuant to the Trust Indenture dated as of September 1, 2015, between the Bond Bank and The Huntington National Bank, authorizing and securing such Series 2015 E Bonds.

“State” means the State of Indiana.

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

“Trustee” means The Huntington National Bank, or any successor thereto under the Indenture.

“Trust Estate” means the property, rights and amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Underwriter” means with regard to the Bonds, Raymond James & Associates, Inc.

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Limited Underwriting Circular. This summary is qualified in its entirety by reference to the Indenture. Capitalized terms not otherwise defined in this Limited Underwriting Circular shall have the meanings ascribed thereto in the Indenture.

#### GENERAL TERMS AND PROVISIONS OF BONDS

##### **Nonpresentment of Bonds**

In the event any Bond is not presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or as set forth in any Supplemental Indenture regarding deemed tenders or redemptions or otherwise, and if funds sufficient to pay such Bond have been made available to the Trustee for the benefit of the owner thereof, all liability of the Bond Bank to the owner thereof for the payment of such Bond will forthwith cease, terminate and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds uninvested for five (5) years, for the benefit of the owner of such Bond, without liability for interest thereon to such owner, who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond.

Any money so deposited with and held by the Trustee in trust for the payment of the principal of and interest on the Bonds and remaining unclaimed by any Bondholder for five (5) years after the due date of such principal or interest, will be applied by the Trustee in accordance with the Unclaimed Property Act, Indiana Code 32-34-1, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Bondholders using reasonable care to ascertain the correct addresses of all lost Bondholders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee will have no further responsibility or liability with respect to such moneys, and the Bondholders entitled to such principal or interest must look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

##### **Other Obligations Payable from Revenues**

The Bond Bank will grant no liens or encumbrances on or security interests in (other than those created by the Indenture), and, except for the Bonds, will issue no bonds or other evidences of indebtedness payable from, the Trust Estate .

##### **Limitations on Obligations of Bond Bank**

The Bonds, together with interest thereon, are limited obligations of the Bond Bank payable solely from the Revenues of the Bond Bank and will be a valid claim of the respective owners thereof only against the Funds and Accounts established under the Indenture and the Qualified Obligations acquired by the Trustee, all of which are assigned and pledged under the Indenture for the equal and ratable payment of the Bonds and will be used for no other purpose than the payment of the Bonds, except as may be otherwise expressly authorized in the Indenture. The Bonds do not constitute a debt or liability of the State or of any political subdivision thereof under the constitution of the State or a pledge of the faith and credit of the State or any political subdivision thereof, but will be payable solely from the Revenues and funds pledged therefor in accordance with the Indenture. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Bonds and the interest payable thereon do not now and will never constitute a debt of the

State or any political subdivision thereof within the meaning of the constitution of the State or the statutes of the State and do not now and will never constitute a charge against the credit or taxing power of the State or any political subdivision thereof. Neither the State nor any agent, attorney, member or employee of the State or the Bond Bank, will in any event be liable for the payment of the principal of, and premium, if any, or interest on the Bonds or damages, if any, for the nonperformance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any of the State's or the Bond Bank's agents, members, attorneys and employees or any charge upon the general credit of the State or a charge against the taxing power of the State or any political subdivision thereof.

### **Immunity of Officers and Directors**

No recourse will be had for the payment of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained against any past, present or future officer, member, director, trustee, agent or employee of the Bond Bank or any officer, member, director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bond Bank or any successor entities, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents or employees as such, is expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such Bonds.

## **REVENUES, FUNDS AND ACCOUNTS**

### **Creation of Funds and Accounts**

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

General Fund – comprised of the following:

- a. General Account
- b. Redemption Account
- c. Bond Issuance Expense Account

### **Deposit of Net Proceeds of Bonds, Revenues and Other Receipts**

The Trustee will transfer and deposit the net proceeds from the sale of the Bonds, as follows:

1. \$1,383,675.00 will be deposited into the General Account and immediately transferred to the Series 11 Escrow Agent for deposit into the Series 11 Escrow Account, to be used, together with other moneys, consisting of funds released under the Prior Indenture and a portion of the proceeds of the Series 2015 A Bonds, Series 2015 B Bonds and Series 2015 E Bonds, transferred to the Series 11 Escrow Agent for deposit into the Series 11 Escrow Account to (1) pay the principal of and interest on the Refunded Bonds as the same becomes due through and including July 15, 2016, and (2) redeem the Refunded Bonds then outstanding on July 15, 2016;
2. \$33,875.00 of funds on hand shall be deposited into the Bond Issuance Expense Account to pay Costs of Issuance (other than an underwriter's discount retained by the Underwriter).

Except for the proceeds of any series of Bonds and money received from the sale or redemption prior to maturity of Qualified Obligations, the Trustee shall deposit all Revenues or other receipts into the General Account of the General Fund or such other Funds or Accounts as provided in the Indenture or any Supplemental Indenture. The Trustee shall deposit any money received from the sale or redemption prior to maturity of Qualified Obligations into the Redemption Account. The Trustee will deposit the proceeds from any Refunding Bonds in the manner provided in the Supplemental Indenture authorizing the issuance thereof.



## OPERATION OF FUNDS AND ACCOUNTS

### A. General Fund

#### 1. General Account

The Trustee will deposit into the General Account all money required to be deposited therein by the Indenture for the purpose of paying all or a portion of the interest to become due on any series of Bonds from time to time. The Trustee will also deposit in the General Account all Revenues and all income or gain on Investment Securities attributable to any fund or account.

Moneys in the General Account of the General Fund will be disbursed in the following order of priority: (i) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay principal and interest due to be paid on Outstanding Bonds on such Interest Payment Date; (ii) as necessary to the Bond Bank amounts to pay Program Expenses but only to the extent contemplated in the most recent Cash Flow Certificate; and (iii) after making such preceding deposits and disbursements and after the Trustee makes a determination of the amounts reasonably expected to be received in the form of Qualified Obligation Payments under the Indenture in the next succeeding 12 months, to any other fund or account maintained by the Bond Bank (regardless of whether such fund or account is subject to the lien of the Indenture) all moneys in the General Fund which, together with such expected receipts for the succeeding 12 months, are in excess of the amounts needed to pay principal of and interest on the Bonds within the succeeding 12-month period. No such moneys will be so transferred unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

#### 2. Redemption Account

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

In the event the Trustee is unable to purchase Bonds in accordance with the subparagraph (iii)(c) hereof, then, subject to any restrictions on redemption set forth in the Indenture, the Trustee will call for redemption on the next ensuing redemption date such amount of Bonds of such maturity or maturities as directed by an Authorized Officer as, at the Redemption Price thereof, will exhaust the Redemption Account as nearly as may be possible. Such redemption will be made pursuant to the provisions of the Indenture. The Trustee will pay the interest accrued

on the Bonds so redeemed to the date of redemption from the General Account and the Redemption Price from the Redemption Account.

At the direction of the Bond Bank, the Trustee may transfer any amounts in the Redemption Account to the General Account of the General Fund provided that the Trustee is provided with a Cash Flow Certificate taking into account such transfer.

### 3. Bond Issuance Expense Account

The Trustee will deposit into the Bond Issuance Expense Account all money required to be deposited therein by the Indenture for the purpose of paying the costs associated with issuing the Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. All funds in the Bond Issuance Expense Account remaining therein after two hundred ten (210) days following the issuance of the Bonds will be transferred to the General Account of the General Fund, at which time the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

### **Amounts Remaining in Funds**

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

### **Investment of Funds**

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

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited as received in the General Account. Any investment income, gains or losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

## **BOND BANK COVENANTS**

### **Covenants Concerning the Program**

In order to provide for the payment of the principal of, premium if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principals (i) do all acts and

things as are necessary to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary in order to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligation which is in default. Whenever the Qualified Entity defaults on the payment of principal of or interest on the Qualified Obligations held under the Indenture, the Trustee will immediately notify the Bond Bank and the Treasurer of the State. Notwithstanding any other provision of the Indenture, upon the default by the Qualified Entity in the payment of principal of or interest on the Qualified Obligations, the Trustee will immediately, without any direction, security or indemnity, file a claim with the Treasurer of the State of such default, which claim shall be for an amount equal to the amount of the principal of or interest on the Qualified Obligations which was due under the terms of the Qualified Obligations but which was not paid by the Qualified Entity.

### **Accounts and Reports**

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

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

### **Covenants with Respect to Qualified Obligations**

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

(a) Not to permit or agree to any material change in the Qualified Obligations (other than ones for which consent of the Bond Bank is not required) unless the Bond Bank supplies the Trustee with a Cash Flow Certificate to the effect that, after such change, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any in each such Fiscal Year.

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

(c) To enforce or authorize the enforcement of all remedies available to the Bond Bank as the owner or holder of the Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies will be within the sole discretion of the Trustee.

(d) Not to sell or dispose of the Qualified Obligations, unless the Bond Bank first provides the Trustee with a Cash Flow Certificate to the effect that, after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale or disposition transferred from any Fund or Account, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

## **Annual Budget**

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

## **Monitoring Investments**

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

## **Cash Flow Certificates**

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

1. the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the Bonds or with Revenues expected to be available for the purpose of financing the purchase of additional Qualified Obligations;
2. all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts and the rate or yields used in estimating such amounts;
3. all moneys expected to be in the Funds and Accounts;
4. the debt service due on all Bonds expected to be Outstanding during each Fiscal Year; and
5. the amount, if any, of Program Expenses expected to be paid from the Revenues.

In making any Cash Flow Certificate, the accountant or firm of accountants may contemplate the payment or redemption of Bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of Bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may be contemplated in a Cash Flow Certificate only to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Cash Flow Certificate. The accountant or firm of accountants 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, and capitalized interest, if any, for the respective Series. In the case of each annual Cash Flow Certificate, the amounts of existing Qualified Obligations, existing Investment Securities and existing cash will be the amounts as of the last day of the preceding Fiscal Year. In the case of any other Cash Flow Certificate, such amounts 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 of and interest on Qualified Obligations, actual payments or proceeds with respect to Investment Securities and actual expenditures of cash expected by the Bond Bank through the end of the then current month.

## **Certain Verifications**

The Bond Bank and/or the Trustee from time to time may cause a firm of independent certified public accountants of national standing or other nationally recognized experts to supply the Bond Bank and the Trustee

with such information as the Bond Bank or the Trustee may request in order to determine in a manner reasonably satisfactory to the Bond Bank and the Trustee all matters relating to: (a) the sufficiency of projected cash flow receipts and disbursements with respect to the Funds and Accounts to pay the principal of and interest on the Bonds and Program Expenses; and (b) the yields on any obligations acquired and held by the Bond Bank and/or the Trustee. The Bond Bank and/or the Trustee from time to time may also obtain an Opinion of Bond Counsel concerning post-issuance compliance with any legislation applicable to the Bonds.

### **Limitation on Additional Bonds**

The only additional Bonds that may be issued under the Indenture are Refunding Bonds issued solely to refund all or any portion of the Outstanding Bonds.

The Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of, redemption premium, if any, and interest on all Bonds and authorizes the issuance of one or more Series of Bonds under separate Supplemental Indentures. The Indenture establishes the requirements for each Supplemental Indenture and provides that no Series of Bonds will be issued under a Supplemental Indenture unless certain conditions are met, including the receipt by the Trustee of a Cash Flow Certificate to the effect that, immediately after the issuance of such Bonds, Revenues in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the debt service on all Bonds in each such Fiscal Year, including such Bonds (such certificate will not be required in the case of Refunding Bonds if the debt service in each Fiscal Year on all Bonds after the issuance of such Refunding Bonds will be equal to or less than such debt service for each Fiscal Year on all Bonds Outstanding before the issuance of the Refunding Bonds).

## **DEFEASANCE AND DISCHARGE OF LIEN OF INDENTURE**

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

Any Bond will be deemed to be paid when (a) payment of the principal of that Bond, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment, (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payments, or (3) a combination of such moneys and Governmental Obligations, (b) all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Trustee pertaining to the Bonds, have been paid or deposited with the Trustee and (c) a verification report of an independent certified public accountant or verification agent stating that such securities and/or cash, together with the earnings thereon, will be sufficient to pay interest and principal (and applicable premium) on the Bonds to redemption or maturity or an opinion of counsel to the effect that all conditions precedent to the defeasance have been met.

## **EVENTS OF DEFAULT AND REMEDIES**

### **Events of Default**

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

(a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Bond;

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

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

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

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

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

(g) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent, 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

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

### **Trustee's Rights and Remedies**

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

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

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

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

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

If an Event of Default has occurred, if requested to do so by the Owners of 25% or more in aggregate principal amount of the Bonds Outstanding under the Indenture, and if indemnified as provided in the Indenture, the

Trustee will be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interest of the Bondholders.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction must be in accordance with the provisions of law and of the Indenture.

### **Waivers of Events of Default**

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

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

No owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) an Event of Default has occurred, (b) 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 have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (d) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds.

## **TRUSTEE**

By executing the Indenture, the Trustee accepts the trusts and duties imposed upon it by the Indenture and agrees to perform such trusts and duties with the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs, but only upon and subject to the express terms and conditions of the Indenture.

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

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice by registered or certified mail to the Bond Bank, the owner of each Bond as shown by the list of Bondholders required by the Indenture to be kept at the office of the Trustee. Such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee. If the Bond Bank does not appoint a successor Trustee within the thirty days of the Trustee providing notice of its resignation, the Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Trustee under the Indenture.

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

In case the Trustee resigns or be removed, or is dissolved, or is in the course of dissolution or liquidation, or otherwise becomes incapable of acting the Indenture, or in case it is taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which will be delivered personally or sent by registered mail to the Bond Bank. Nevertheless, in case of such vacancy, the Bond Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety (90) days after such appointment, the Bondholders may appoint a successor Trustee, and any such temporary Trustee so appointed by the Bond Bank will become the successor Trustee if no appointment is made by the Bondholders within such period, but in the event an appointment is made by the Bondholders, such temporary Trustee will immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a temporary or successor Trustee will be given in the same manner described in the paragraph above with respect to the resignation of a Trustee. Every such Trustee so appointed will be a trust company or bank having its principal place of business in the State, will be duly authorized to exercise trust powers, will be subject to examination by federal or state authority, will have a reported capital and surplus of not less than \$75,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

### **SUPPLEMENTAL INDENTURES**

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

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of Bonds then Outstanding any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interests of the Bondholders and does not otherwise require the unanimous consent of all Bondholders under the Indenture;
- (c) To subject to the lien and pledge of the Indenture additional Revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the States of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;



- (e) To give evidence of the appointment of a separate or co-trustee, or the succession of a new Trustee or the succession of a new registrar and/or paying agent;
- (f) In connection with the issuance of Refunding Bonds;
- (g) To provide for the refunding of all or a portion of the Bonds; and
- (h) To amend the Indenture to permit the Bond Bank to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax laws.

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) will have the right from time to time to consent to and approve the execution by the Bond Bank and the Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Bond Bank or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all then Outstanding Bonds under the Indenture, (a) an extension of a Principal Payment Date, an Interest Payment Date or a redemption date for any Bond issued under the Indenture or (b) a reduction in the principal amount of any Bond or change in the rate of interest or redemption premium, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds the owners of which are required to consent to such supplemental indenture, (e) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds, at any time Outstanding, (f) a reduction in the Reserve Requirement, or (g) any amendment or modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

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