PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 31, 2012

NEW ISSUE
BOOK ENTRY ONLY

RATINGS (See "RATINGS"): Moody's: "Aa1"
S&P: "AA+"
Fitch: "AA+"

In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, bond counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2012 Bonds (as defined herein) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code (as defined herein), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Such exclusion of interest on the 2012 Bonds is conditioned upon continuing compliance with the Tax Covenants (defined and described herein). In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, bond counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2012 Bonds is exempt from income taxation in the State of Indiana. See "APPENDIX D -- PROPOSED OPINIONS OF BOND COUNSEL." See also "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT" and "AMORTIZABLE BOND PREMIUM."

$73,985,000*
INDIANA FINANCE AUTHORITY
Facilities Revenue Refunding Bonds,
Series 2012A, Series 2012B and Series 2012C

Dated: Date of Issuance **Due:** July 1, as shown on the inside front cover hereof

The Indiana Finance Authority (the "Authority") will issue its Facilities Revenue Refunding Bonds, Series 2012A, Facilities Revenue Refunding Bonds, Series 2012B, and Facilities Revenue Refunding Bonds, Series 2012C (collectively, the "2012 Bonds"), pursuant to an Amended and Restated Trust Indenture dated as of January 1, 1998, between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as previously supplemented and amended and as further supplemented and amended by a Series 2012A Supplemental Trust Indenture, a Series 2012B Supplemental Trust Indenture and a Series 2012C Supplemental Trust Indenture, each dated as of October 1, 2012 (such Amended and Restated Trust Indenture, as so supplemented and amended, the "Indenture"), to finance the refunding of certain outstanding bonds, as described herein, and to pay costs of issuing the 2012 Bonds.

The 2012 Bonds will bear interest at the rates shown on the inside front cover page hereof, payable on January 1 and July 1 of each year, commencing January 1, 2013. The 2012 Bonds are issuable as fully registered bonds, in the denomination of $5,000 and integral multiples thereof. The 2012 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. See "DESCRIPTION OF 2012 BONDS -- General" and "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

The 2012 Bonds are limited obligations of the Authority, payable solely from and secured exclusively by the revenues pledged thereto under the Indenture. The bonds of each series of the 2012 Bonds are secured by a pledge of rental payments received from the Indiana Department of Administration under separate Use and Occupancy Agreements (as defined and more particularly described herein). Certain series of the 2012 Bonds are issued on a parity basis with certain other obligations, as more particularly described herein. Payment of rentals under each Use and Occupancy Agreement described in this paragraph is subject to and dependent upon funds having been appropriated by the Indiana General Assembly and such funds being available for such purpose. **The 2012 Bonds do not constitute an indebtedness, liability or loan of the credit of the State of Indiana (the "State") or any political subdivision thereof within the meaning or application of any constitutional provision or limitation, or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof. The Authority has no taxing power.** See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

A detailed maturity schedule of each series is set forth on the inside front cover page hereof.

The 2012 Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity, as described herein. See "DESCRIPTION OF 2012 BONDS -- Redemption."

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

The 2012 Bonds are being offered when, as and if issued by the Authority and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bingham Greenebaum Doll LLP, Indianapolis, Indiana, bond counsel to the Authority. Certain legal matters will be passed on for the Authority and the Indiana Department of Administration by the office of the Attorney General of the State, and for the Underwriters by Faegre Baker Daniels LLP, Indianapolis, Indiana. It is expected that the 2012 Bonds in definitive form will be available for delivery through The Depository Trust Company on or about __________ ___, 2012.

J.P. Morgan

Edward D. Jones & Co., L.P. **J.J.B. Hilliard, W.L. Lyons, LLC**
Ramirez & Co., Inc. **Wells Fargo Securities**

__________ ___, 2012

* Preliminary, subject to change.

MATURITY SCHEDULES

$10,275,000[*]
INDIANA FINANCE AUTHORITY
Facilities Revenue Refunding Bonds, Series 2012A

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]

$23,720,000*
INDIANA FINANCE AUTHORITY
Facilities Revenue Refunding Bonds, Series 2012B

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]

$39,990,000*
INDIANA FINANCE AUTHORITY
Facilities Revenue Refunding Bonds, Series 2012C

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]

[*] Preliminary, subject to change.
[1] Copyright 2012, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are provided for convenience and reference only. Neither the Authority nor the Underwriters are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the 2012 Bonds or as indicated above.

STATE OF INDIANA

MITCHELL E. DANIELS, JR.
Governor of the State of Indiana

REBECCA S. SKILLMAN
Lieutenant Governor of the State of Indiana

INDIANA FINANCE AUTHORITY

Adam M. Horst
State Budget Director
Chairman

Kendra W. York
Public Finance Director of the State of Indiana

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the Underwriters. This Official Statement 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 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in this Official Statement has been obtained from the State, the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Underwriters. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2012 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the State or any other person described in this Official Statement subsequent to the date as of which such information is presented.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2012 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE STATE, THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES AUTHORITY OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**$73,985,000*
INDIANA FINANCE AUTHORITY
Facilities Revenue Refunding Bonds,
Series 2012A, Series 2012B and Series 2012C**

INTRODUCTION

The purpose of this Official Statement, including the cover page and preliminary pages hereof and appendices hereto (the "Official Statement"), is to provide information about the Indiana Finance Authority (the "Authority") and the offering of the Authority's (i) $10,275,000* Facilities Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds"), (ii) $23,720,000* Facilities Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds"), and (iii) $39,990,000* Facilities Revenue Refunding Bonds, Series 2012C (the "Series 2012C Bonds," and together with the Series 2012A Bonds and the Series 2012B Bonds, the "2012 Bonds"). The 2012 Bonds are being issued pursuant to (1) Indiana Code 4-4-10.9, 4-4-11 and 4-13.5 (collectively, the "Act"), (2) the Indenture (as hereinafter defined), and (3) resolutions adopted by the Authority on February 21, 2012 and March 20, 2012. The Act empowers the Authority to borrow funds and issue revenue bonds, payable solely from revenues as set forth in the Act, or from the proceeds of bonds issued under the Act and earnings thereon, for the purpose of carrying out its purposes under the Act, including paying all or any part of the cost of acquisition, construction and equipping of a facility, as defined in the Act ("Facility"), or for the purpose of refunding bonds or notes issued by the Authority. See "INDIANA FINANCE AUTHORITY." Definitions of certain words and terms used herein are set forth in "APPENDIX B -- DEFINITIONS."

Plan of Finance

Under the Act, the Authority (as successor to certain prior entities) has the power to issue bonds to finance or refinance various types of facilities for the benefit and use of the State of Indiana (the "State") and its departments and agencies, including office buildings, parking garages, recreation and museum facilities, hospitals and mental health facilities, correctional facilities and other types of facilities. The 2012 Bonds are secured by a pledge of rental payments received from the Indiana Department of Administration (the "Department of Administration") under separate Use and Occupancy Agreements (as defined and more particularly described herein). Certain series of the 2012 Bonds are issued on a parity basis with certain other obligations, as more particularly described herein. Payment of rentals under each Use and Occupancy Agreement described in this paragraph is subject to and dependent upon funds having been appropriated by the Indiana General Assembly and such funds being available for such purpose.

Pursuant to its authority under the Act (particularly Indiana Code 4-13.5), the Indiana State Office Building Commission (a predecessor entity to the Authority) has previously issued (i) its Facilities Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), which were issued to refund on a current basis interim notes used to fund a portion of the acquisition, design, construction and equipment costs of the Evansville State Hospital located in Vanderburgh County, Indiana ("Facility No. 7") and to finance the balance of such costs, (ii) its Facilities Revenue Bonds, Series 2004D (the "Series 2004D Bonds"), which were issued to refund on a current basis interim notes used to fund a portion of the acquisition, design, construction and equipment costs of the Logansport State Hospital located in Cass County, Indiana ("Facility No. 8") and to finance the balance of such costs, and (iii) its Facilities Revenue Bonds, Series 2004E (the "Series 2004E Bonds"), which were issued to refund on a current basis interim notes used to fund a portion of the acquisition, design, construction and equipment costs of the Southeast Regional Treatment Center located in Jefferson County, Indiana ("Facility No. 9," and together with

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* Preliminary, subject to change.

Facility No. 7 and Facility No. 8, each a "Refunded Facility" and collectively the "Refunded Facilities"), and to finance the balance of such costs.

The 2012 Bonds will be issued under the Amended and Restated Trust Indenture dated as of January 1, 1998, between the Authority, as successor to the Indiana State Office Building Commission, and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NBD Bank, N.A.), as trustee (the "Trustee"), as previously supplemented and amended, and as further supplemented and amended by the Series 2012A Supplemental Trust Indenture with respect to the Series 2012A Bonds, the Series 2012B Supplemental Trust Indenture with respect to the Series 2012B Bonds, and the Series 2012C Supplemental Trust Indenture with respect to the Series 2012C Bonds, each dated as of October 1, 2012, and each between the Authority and the Trustee (as so supplemented and amended, the "Indenture").

The Series 2012A Bonds will be issued to advance refund the Series 2003B Bonds shown in APPENDIX G hereto (the "Refunded Series 2003B Bonds"). The Series 2012B Bonds will be issued to advance refund the Series 2004D Bonds shown in APPENDIX G hereto (the "Refunded Series 2004D Bonds"). The Series 2012C Bonds will be issued to advance refund the Series 2004E Bonds shown in APPENDIX G hereto (the "Refunded Series 2004E Bonds," and together with the Refunded Series 2003B Bonds and the Refunded Series 2004D Bonds, the "Refunded Bonds"). See "PLAN OF FINANCE -- Plan of Refunding."

Security and Sources of Payment for 2012 Bonds

Under the Act, the Authority (as successor to certain prior entities) has the power to issue bonds to finance or refinance various types of facilities for the benefit and use of the State and its departments and agencies, including office buildings, parking garages, recreation and museum facilities, hospitals and mental health facilities, correctional facilities and other types of facilities. Bonds of the Authority issued to finance eligible Indenture Facilities (as hereinafter defined) are payable solely from and secured exclusively by the income and revenues, after payment or provision for payment of the expenses of operation, maintenance and repair of each such Indenture Facility, from the lease of the particular Indenture Facility for which allocable Bonds are issued that remain. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE."

Trust Estate, Net Revenues. In the Indenture, the Authority pledges, assigns and grants a security interest in the Trust Estate under the Indenture to the Trustee, in trust, to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds issued and outstanding under the Indenture with respect to a particular Indenture Facility, subject to the provisions of the Indenture requiring or permitting the application of the Trust Estate for the purposes and on the terms set forth in the Indenture. Each Trust Estate is pledged ratably to each series of Bonds related to a particular Indenture Facility and includes, with respect to each series of Bonds with respect to a particular Indenture Facility: (1) the Net Revenues (as defined below) under the Indenture related to the Indenture Facility financed with such Bonds, (2) the proceeds of the sale of the Bonds under the Indenture related to such Indenture Facility, and (3) all funds, with respect to a particular Indenture Facility, held under the Indenture (except the applicable Revenue Fund, Operation and Maintenance Fund and Rebate Fund), including any investment thereof. Amounts held in the General Fund shall be held for the benefit of all Bonds, without regard to a particular Indenture Facility.

The Indenture defines "Net Revenues" as all fees, charges, revenues or receipts derived by the Authority from the operation or leasing of an Indenture Facility or any portion thereof pursuant to the use and occupancy agreement (each, a "Use and Occupancy Agreement") related to such Indenture Facility or otherwise, or from the sale, transfer or conveyance of such Indenture Facility or any portion thereof, and remaining after the payment or provision for payment of the expenses of operation, maintenance and repair of such Indenture Facility or any portion thereof required to be paid by the Authority. The Net Revenues to be used for the payment of debt service on the Bonds issued under the Indenture related to a particular Indenture Facility will be derived primarily from payments to be received by the Authority from the Department of Administration under the Use and Occupancy Agreement relating to such Indenture Facility.

Appropriations. In accordance with the Act, payment of rentals under each Use and Occupancy Agreement is subject to and dependent upon funds (1) having been appropriated by the Indiana General Assembly (the "General Assembly") and (2) being available for such purpose. In accordance with the Constitution and other laws of the State, the General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year and is to make appropriations for the biennium commencing on July 1 of each such year. The General Assembly also meets for a maximum period of 30 legislative days in intervening years and may make supplemental appropriations at such times. Although the General Assembly has previously authorized the construction of the Indenture Facilities and has determined that a continuing need exists for the use and occupancy thereof, under Indiana law, there is not, and there may not be, any requirement for the General Assembly to make appropriations for any Indenture Facility for any Fiscal Year.

The Indenture requires that the Authority use its best efforts to cause the General Assembly to appropriate to or for the benefit of the Department of Administration moneys sufficient to enable the Authority to comply with its obligations to fix, establish and maintain the rents, rates, fees and charges described above for each Indenture Facility. However, neither the Department of Administration nor any holder of any Bonds, including the 2012 Bonds, may legally compel the General Assembly to make all or any such appropriations. See "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA" for more information concerning State indebtedness, State finances and the State budget and appropriations process.

As of the date of this Official Statement, the General Assembly has budgeted sufficient amounts for the Department of Administration to make timely rental payments under each Use and Occupancy Agreement through June 30, 2013. See "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA" for more information concerning State indebtedness, State finances and the State budget and appropriations process.

To date, the General Assembly has appropriated to the Department of Administration funds sufficient to pay all rentals for each Refunded Facility under the Use and Occupancy Agreement for such Refunded Facility which have been due thereunder from the date thereof to the date hereof. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The 2012 Bonds are limited obligations of the Authority, payable solely from and secured exclusively by a pledge to the Trustee of the Authority's income and revenues derived from its leases of the Refunded Facilities to the Department of Administration, under the applicable Affected Use and Occupancy Agreement (as hereinafter defined) for the applicable Refunded Facility that remain after payment or provision for payment of certain expenses of operation, maintenance and repair of such Refunded Facility. **The 2012 Bonds do not constitute an indebtedness, liability or loan of the credit of the State or any political subdivision thereof within the meaning or application of any constitutional provision or limitation, or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof. The Authority has no taxing power.** See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Rentals are payable under each Affected Use and Occupancy Agreement only if and when the construction of the applicable Refunded Facility or portion thereof subject to such Affected Use and Occupancy Agreement has been completed and such Refunded Facility or portion thereof is available for use and occupancy by the Department of Administration. The payment of rentals pursuant to each Affected Use and Occupancy Agreement will be subject to and dependent upon funds (1) having been appropriated by the General Assembly and (2) being available for such purpose. The Department of Administration is not obligated to pay for the use and occupancy of any Refunded Facility but is instead required to vacate such Refunded Facility if it is shown that the terms and conditions of the use and occupancy and the amount to be paid for the use and occupancy are unjust or unreasonable considering the value of the services and facilities thereby afforded. Each Affected Use and Occupancy Agreement has a current term expiring at 12:01 a.m. July 1, 2013, but may be renewed for an additional two-year term after expiration of its current term or any subsequent two-year term. As of the date hereof, the construction of each Refunded Facility has been completed and each Refunded Facility has been accepted by the Department of Administration as available for use and occupancy.

Official Statement

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the cover page, preliminary pages and appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument.

The Authority does not certify as to the accuracy or sufficiency of the disclosure practices of or content provided by DTC and is not responsible for the information under "DESCRIPTION OF 2012 BONDS -- Book-Entry-Only System" and "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

Definitions of certain words and terms used in this Official Statement are set forth in "APPENDIX B -- DEFINITIONS."

PLAN OF FINANCE

Refunded Facilities

Outstanding Bonds Related to Refunded Facilities. The Indiana State Office Building Commission previously issued its Series 2003B Bonds (such remaining unrefunded Series 2003B Bonds, together with certain Series 2011C Bonds (See Table 5 under "STATE INDEBTEDNESS" in Appendix A hereto) and the Series 2012A Bonds, the "Facility No. 7 Bonds"), for the purpose of financing and refinancing the acquisition, design, construction, renovation and equipping of Facility No. 7. The Facility No. 7 Bonds are secured exclusively by the payments to be made under the Use and Occupancy Agreement dated as of November 1, 2003, between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration relating to Facility No. 7, as supplemented (the "Facility No. 7 Use and Occupancy Agreement"). See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Indiana State Office Building Commission also previously issued its Series 2004D Bonds (such remaining unrefunded Series 2004D Bonds, together with the Series 2012B Bonds, the "Facility No. 8 Bonds"), for the purpose of financing and refinancing the acquisition, design, construction, renovation and equipping of Facility No. 8. The Facility No. 8 Bonds are secured exclusively by the payments to be made under the Use and Occupancy Agreement dated as of September 1, 2004, between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration relating to Facility No. 8, as supplemented (the "Facility No. 8 Use and Occupancy Agreement"). See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Indiana State Office Building Commission also previously issued its Series 2004E Bonds (such remaining unrefunded Series 2004E Bonds, together with the Series 2012C Bonds, the "Facility No. 9 Bonds"), for the purpose of financing and refinancing the acquisition, design, construction, renovation and equipping of Facility No. 9. The Facility No. 9 Bonds are secured exclusively by the payments to be made under the Use and Occupancy Agreement dated as of September 1, 2004, between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration relating to Facility No. 9, as supplemented (the "Facility No. 9 Use and Occupancy Agreement," and together with the Facility No. 7 Use and Occupancy Agreement and the Facility No. 8 Use and Occupancy Agreement, the "Affected Use and Occupancy Agreements"). See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Payments made under each Use and Occupancy Agreement for the use and occupancy thereof are available for only the repayment of the principal of and premium, if any, and interest on the respective Bonds secured by such Use and Occupancy Agreement, as described above. Funds from the payments from each Use and Occupancy Agreement will not be available for the repayment of interest or principal on any other series of Bonds.

Plan of Refunding

2012 Bonds. The 2012 Bonds are being issued under the Indenture to advance refund the Refunded Bonds. The proceeds from the sale of each series of the 2012 Bonds will be used to provide funds for the payment of (i) a deposit into separate Escrow Funds (one Escrow Fund for each series of Refunded Bonds) for the purpose of refunding the Refunded Bonds, and (ii) a deposit into the applicable Expense Account of the Construction Fund under the Indenture for the purpose of paying the costs of issuance of the 2012 Bonds. See "SOURCES AND USES OF FUNDS."

To refund the Refunded Bonds, a portion of the proceeds of each series of the 2012 Bonds, together with certain available funds held under the Indenture, will be deposited in the respective Escrow Funds (collectively, the "Escrow Funds") established pursuant to separate Escrow Deposit Agreements, each dated as of October 1, 2012, and each between The Bank of New York Mellon Trust Company, N.A., as escrow trustee, and the Authority, and will be used to purchase United States Treasury Obligations which, together with the interest earned thereon and a cash deposit, will be sufficient to pay when due the principal of and redemption premium, if any, and interest accrued and to accrue on the applicable Refunded Bonds to and including the respective dates the Refunded Bonds will be called for redemption. Upon the deposit of such funds in the Escrow Funds, the Refunded Bonds will be defeased. See "ARITHMETICAL VERIFICATION."

Summary of Refunded Bonds

Bonds Refunded	Maturities Refunded
SOBC Facilities Series 2003B (Evansville State Hospital Facility)	(See APPENDIX G)
SOBC Facilities Series 2004D (Logansport State Hospital Facility)	(See APPENDIX G)
SOBC Facilities Series 2004E (Southeast Regional Treatment Center Facility)	(See APPENDIX G)

Other Facility Bonds, Other Indenture Facilities

In addition to the Facility No. 7 Bonds, the Facility No. 8 Bonds and the Facility No. 9 Bonds (collectively, the "Affected Bonds"), the Authority, as statutory successor to the Indiana State Office Building Commission, has also previously issued and has outstanding under the Indenture, other series of facilities revenue bonds (the "Other Facility Bonds") for the purpose of financing and refinancing the costs of acquisition, design, construction and equipping of certain other authorized Indenture Facilities (as defined herein). **The Other Facility Bonds are secured exclusively by the payments to be made under the respective use and occupancy agreement relating to the corresponding Indenture Facility financed by such series of Other Facility Bonds and not by any payments made under the Facility No. 7 Use and Occupancy Agreement, the Facility No. 8 Use and Occupancy Agreement or the Facility No. 9 Use and Occupancy Agreement.** See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" and "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA -- State Indebtedness."

The Other Facility Bonds issued under the Indenture to finance or refinance the corresponding Indenture Facilities are described below.

OTHER FACILITY BONDS

Indenture Facilities	Related Bonds
Forensic and Health Sciences Laboratory	Series 2006A
Indiana State Museum Facility	Series 2003A
Indiana State Museum Facility	Series 2004C
Indiana State Museum Facility	Series 2011B
Miami Correctional Facility	Series 2004A
Miami Correctional Facility	Series 2008C
Miami Correctional Facility	Series 2009B
New Castle Correctional Facility	Series 2004B
New Castle Correctional Facility	Series 2011A
Pendleton Juvenile Correctional Facility	Series 2008A
Rockville Correctional Facility	Series 1995B
Rockville Correctional Facility	Series 2003D
Wabash Valley Correctional Facility	Series 2003C
Wabash Valley Correctional Facility	Series 2009A

Payments made under the use and occupancy agreements for each of the Indenture Facilities described above are available only for the payment of the principal of and premium, if any, and interest on the series of Other Facility Bonds related to such Indenture Facility.

Additional Bonds and Refunding Bonds. Under the Indenture, one or more series of (1) additional bonds ("Additional Bonds") may be issued to finance or refinance a note issued to finance all or a portion of the Acquisition Costs of an additional facility or portion thereof (any such additional facility, together with the other existing Facilities financed under such Indenture, including the Refunded Facilities, each an "Indenture Facility" and collectively, the "Indenture Facilities") or additions to such Indenture

Facilities; and (2) refunding bonds ("Refunding Bonds") may be issued to refund all or a portion of any then outstanding Affected Bonds, Other Facility Bonds and any Additional Bonds. The Other Facility Bonds, the Affected Bonds (including the 2012 Bonds), any Additional Bonds and any Refunding Bonds issued pursuant to the Indenture are collectively referred to as the "Bonds." See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE -- Summary of Certain Provisions of the Indenture -- *Additional Bonds*" and "-- *Refunding Bonds*."

Facility No. 7

Facility No. 7 or Evansville State Hospital has been certified as substantially completed and ready for use and occupancy under the Facility No. 7 Use and Occupancy Agreement. The Evansville State Hospital Facility serves seriously mentally ill adult individuals as well as mentally retarded/developmentally disabled individuals requiring intermediate and long term inpatient hospital treatment. Facility No. 7 provides 168 inpatient beds and therapeutic space in a 143,000 square foot facility. In addition, a separate, renovated building of 32,000 square feet connected to the facility by a covered walkway is used as an activity therapy center. Facility No. 7 contains five living units, the support services area, the administrative area and a treatment mall. The treatment mall is a centralized therapeutic area which contains therapy rooms, classrooms, a library, a music room, a computer laboratory and other program related facilities.

Facility No. 8

Facility No. 8 or Logansport State Hospital has been certified as substantially completed and ready for use and occupancy under the Facility No. 8 Use and Occupancy Agreement. The Isaac Ray Treatment Facility at Logansport State Hospital is a building attached to the existing Logansport State Hospital. Facility No. 8 is 110,000 square feet and has a capacity of 105 beds divided into five 21 bed units and separate units for admissions, maximum security, and female patients. Facility No. 8 also houses rehabilitation areas including classrooms, craft rooms and a mini gymnasium and courtyard. Facility No. 8 also contains new allied health services of pharmacy, radiology, dental clinic and health clinic, and supports all Logansport State Hospital patients.

Facility No. 9

Facility No. 9 or Madison State Hospital has been certified as substantially completed and ready for use and occupancy under the Facility No. 9 Use and Occupancy Agreement. The Southeast Treatment Facility covers 280,000 square feet on 29 acres on the grounds of Madison State Hospital. Facility No. 9 provides integrated services for people with disabilities, mental illness and addictions. Facility No. 9 has the capacity to serve 150 people (90 people with mental illness, 60 with mental retardation or development disabilities).

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of each series of the 2012 Bonds is summarized in the following table:

	Series 2012A	Series 2012B	Series 2012C
Sources of Funds			
Principal Amount			
Net Bond Premium/Original Issue Discount(1)			
Funds available under the Indenture			
Total Sources			
Uses of Funds			
Deposit to Escrow Funds			
Costs of Issuance(2)			
Total Uses			

(1) See "ORIGINAL ISSUE DISCOUNT" and "AMORTIZABLE BOND PREMIUM."

(2) Including Underwriters' discount, estimated legal, accounting, printing and fiduciary expenses, and other expenses.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

Rental Payments

Each series of the 2012 Bonds is issued pursuant to the Indenture but is separately and independently secured by a separate and distinct Trust Estate. The 2012 Bonds are limited obligations of the Authority, payable solely from and secured exclusively by a pledge to the Trustee of the Authority's income and revenues, after payment or provision for payment of certain expenses of operation, maintenance and repair of such Refunded Facility, derived from its lease of the applicable Refunded Facility to the Department of Administration, under the applicable Affected Use and Occupancy Agreement that remain.

The 2012 Bonds will not constitute an indebtedness, liability or loan of the credit of the State or any political subdivision thereof within the meaning or application of any constitutional provision or limitation, or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof. The Authority has no taxing power.

The Other Facility Bonds are also limited obligations of the Authority, payable solely from and secured exclusively by a pledge to the Trustee of the income and revenues, after payment or provision for payment of the expenses of operation, maintenance and repair of the respective Indenture Facility financed with proceeds of the Other Facility Bonds, derived from the lease of the particular and respective Indenture Facilities financed with the proceeds of the Other Facility Bonds. Any Additional Bonds shall be payable solely from, and secured exclusively by, a pledge to the Trustee of the income and revenues, after payment or provision for payment of the expenses of operation, maintenance and repair of such Indenture Facility, from the lease of the particular Indenture Facility for which such Additional Bonds are issued that remain. See “APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE.”

Trust Estate, Net Revenues. In the Indenture, the Authority pledges, assigns and grants a security interest in the Trust Estate under the Indenture to the Trustee, in trust, to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds issued and outstanding under the Indenture with respect to a particular Indenture Facility, subject to the provisions of the Indenture requiring or permitting the application of the Trust Estate for the purposes and on the terms set forth in the Indenture. Each Trust Estate is pledged ratably to each series of Bonds related to a particular Indenture Facility and includes, with respect to each series of Bonds with respect to a particular Indenture Facility: (1) the Net Revenues (as defined below) under the Indenture related to the Indenture Facility financed with such Bonds, (2) the proceeds of the sale of the Bonds under the Indenture related to such Indenture Facility, and (3) all funds, with respect to a particular Indenture Facility, held under the Indenture (except the applicable Revenue Fund, Operation and Maintenance Fund and Rebate Fund), including any investment thereof. Amounts held in the General Fund shall be held for the benefit of all Bonds, without regard to a particular Indenture Facility.

The Indenture defines “Net Revenues” as all fees, charges, revenues or receipts derived by the Authority from the operation or leasing of an Indenture Facility or any portion thereof pursuant to the Use and Occupancy Agreement related to such Indenture Facility or otherwise, or from the sale, transfer or conveyance of such Indenture Facility or any portion thereof, and remaining after the payment or provision for payment of the expenses of operation, maintenance and repair of such Indenture Facility or any portion thereof required to be paid by the Authority. The Net Revenues to be used for the payment of debt service on the Bonds issued under the Indenture related to a particular Indenture Facility will be derived primarily from payments to be received by the Authority from the Department of Administration under the Use and Occupancy Agreement relating to such Indenture Facility.

Appropriations. In accordance with the Act, payment of rentals under each Use and Occupancy Agreement is subject to and dependent upon funds (1) having been appropriated by the General Assembly and (2) being available for such purpose. In accordance with the Constitution and other laws of the State, the General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year and is to make appropriations for the biennium commencing on July 1 of each such year. The General Assembly also meets for a maximum period of 30 legislative days in intervening years and may make supplemental appropriations at such times. Although the General Assembly has previously authorized the construction of the Indenture Facilities and has determined that a continuing need exists for the use and occupancy thereof, under Indiana law, there is not, and there may not be, any requirement for the General Assembly to make appropriations for any Indenture Facility for any Fiscal Year.

The Indenture requires that the Authority use its best efforts to cause the General Assembly to appropriate to or for the benefit of the Department of Administration moneys sufficient to enable the Authority to comply with its obligations to fix, establish and maintain the rents, rates, fees and charges described above. However, neither the Department of Administration nor any holder of any Bonds, including the 2012 Bonds, may legally compel the General Assembly to make all or any such appropriations. See “APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA” for more information concerning State indebtedness, State finances and the State budget and appropriations process.

As of the date of this Official Statement, the General Assembly has budgeted sufficient amounts for the Department of Administration to make timely rental payments under each Use and Occupancy

Agreement through June 30, 2013. See "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA" for more information concerning State indebtedness, State finances and the State budget and appropriations process. To date, the General Assembly has appropriated to the Department of Administration funds sufficient to pay all rentals for each Refunded Facility under the Affected Use and Occupancy Agreement for such Refunded Facility which have been due thereunder from the date thereof to the date hereof.

Unjust Rent. In accordance with the Act, the Department of Administration is not obligated to pay for the use and occupancy of any Refunded Facility, but the Department of Administration is required to vacate such Refunded Facility if it is shown that the terms and conditions of the use and occupancy and the amount to be paid for the use and occupancy are unjust or unreasonable considering the value of the services and facilities afforded. The Act provides that in determining just and reasonable amounts to be paid for the use and occupancy of a Refunded Facility, the Authority shall impose and collect amounts that in the aggregate will be sufficient to (1) pay the expenses of operation, maintenance and repair of such Refunded Facility, to the extent that the expenses are not otherwise provided, and (2) leave a balance of revenues from such Refunded Facility to pay the principal and interest (including any reserve or sinking funds) on the related bonds or loans as they become due and retire them at or before maturity. However, there can be no assurance that the terms and conditions of any Affected Use and Occupancy Agreement and the amount to be paid for the use and occupancy of any Refunded Facility will not be shown to be unjust or unreasonable.

Under each Affected Use and Occupancy Agreement, in the event the Department of Administration is required to vacate the Refunded Facility subject thereto, or any portion thereof because funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy when due pursuant to such Affected Use and Occupancy Agreement at the end of any term, the Authority is required, under and subject to the Indenture, to use its best efforts to re-lease such Refunded Facility to other users. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE -- Summary of Certain Provisions of the Indenture -- *Tax Covenants*." However, there can be no assurance that the Authority will be able to accomplish any such re-leasing, in whole or in part, or that, if accomplished, any such re-leasing will generate revenues sufficient to pay debt service on the related Bonds when due.

Current Term. The term of the current Affected Use and Occupancy Agreements will expire at 12:01 a.m. on July 1, 2013 (the "Refunded Facility Expiration Date"). The Department of Administration is under no obligation to renew any Affected Use and Occupancy Agreements beyond the Refunded Facility Expiration Date or any subsequent two year term. Affected Use and Occupancy Agreements will terminate pursuant to the terms thereof and in accordance with the Act if, among other things, (1) the General Assembly does not appropriate sufficient funds to allow the Department of Administration to make rental payments thereunder or funds are not available to the Department of Administration to pay, when due, any sum required to be paid for use and occupancy thereunder, or (2) the Department of Administration elects not to renew the Affected Use and Occupancy Agreements at the end of any two year term. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE."

In accordance with the Act, rentals are payable under each Affected Use and Occupancy Agreement only if and when (i) the construction of the Refunded Facility or portion thereof subject to such Affected Use and Occupancy Agreement has been completed and (ii) such Refunded Facility or portion thereof is available for use and occupancy by the Department of Administration.

As of the date hereof, the construction of each Refunded Facility has been completed. However, the Authority may, in the future, construct additional buildings, structures, improvements or appurtenances on the real property upon which any Refunded Facility was Acquired (as defined in APPENDIX B hereto), which addition would thereby become a part of such Refunded Facility.

As of the date hereof, each Refunded Facility has been accepted by the Department of Administration as available for use and occupancy. However, there can be no assurance that, in the future, any Refunded Facility which is currently available for use and occupancy by the Department of Administration will remain available for use and occupancy by the Department of Administration.

Rent, Fees and Charges. The Indenture requires the Authority to fix, establish and maintain rents, rates, fees and charges which are reasonably expected to yield during each fiscal year of the State (a "Fiscal Year") in which the related Refunded Facility or any portion thereof is available for use and occupancy an amount which, together with any amounts in the related Construction Fund under the Indenture available therefor, is equal to at least (1) to the extent the Authority is obligated under the related Affected Use and Occupancy Agreement or otherwise, to operate, maintain or repair such Refunded Facility or any portions thereof at its expense, 100% of such expenses of operation, maintenance and repair during such Fiscal Year for such Refunded Facility or such portions thereof, (2) 100% of the expenses to be incurred by the Authority in managing and administering such Refunded Facility or such portion thereof and in complying with the covenants of the Indenture, (3) 100% of the Debt Service for the Bonds related to such Refunded Facility, for such Fiscal Year, (4) 100% of any required deposits to any Debt Service Reserve Fund under the Indenture during such Fiscal Year, if any, and (5) to the extent authorized or permitted by the Act, one sixth of such amount as the Authority annually estimates, after considering the amount on deposit in the Replacement Reserve Fund under the Indenture on the first day of such Fiscal Year, which is required to provide for the costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for such Refunded Facility or such portion thereof to be incurred through the end of the sixth ensuing Fiscal Year commencing on the first day of such Fiscal Year. However, the Department of Administration has the right not to renew its obligations at the end of any term under any Affected Use and Occupancy Agreement, thereby terminating such Affected Use and Occupancy Agreement and its right to use and occupy the Refunded Facility subject to such Affected Use and Occupancy Agreement, without affecting its right to use and occupy any other Refunded Facility under any other Affected Use and Occupancy Agreement. The Indenture provides that, in such event, the Authority, in fixing rents, rates and fees and charges for a Refunded Facility which continues to be leased to the Department of Administration, must not establish rents, fees or charges for such Refunded Facility in excess of the Refunded Facility's allocable share of the amounts described in clauses (2), (3) or (4) above, determined by taking into account the amount of the bond proceeds used to finance such Refunded Facility under such Indenture. Rents, fees and charges for such Refunded Facility related to the amounts described in clauses (1) and (5) will be based on the costs directly related to such Refunded Facility.

If for any of the foregoing reasons the Authority is not receiving rentals from the Department of Administration for any Refunded Facility under the applicable Affected Use and Occupancy Agreement, sufficient funds may not be available to pay Debt Service on the 2012 Bonds in full, on a timely basis. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE."

No Mortgage or Debt Service Reserve Fund

The Trust Estate does not include, and holders of the 2012 Bonds will not receive, any mortgage, lien or security interest in the Refunded Facilities or any other Indenture Facilities or any other real property financed under the Indenture. Additionally, the Authority is not required to fund, and does not anticipate funding, a debt service reserve fund for the 2012 Bonds under the Indenture.

Enforceability of Rights, Remedies

The enforceability of the rights and remedies of the Trustee, the holders of the 2012 Bonds, the Authority and the Department of Administration are limited. See "ENFORCEABILITY OF REMEDIES."

DESCRIPTION OF 2012 BONDS

General

The 2012 Bonds are issuable as fully registered bonds. The 2012 Bonds are issuable in the denomination of $5,000 and integral multiples thereof. The 2012 Bonds will be dated the date of issuance thereof.

Interest on the 2012 Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2013 (or, if such day is not a business day, the next succeeding business day) (each, an "Interest Payment Date"). The 2012 Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. Each 2012 Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless it is (1) authenticated after the fifteenth day of the month prior to an Interest Payment Date (a "Record Date") and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (2) authenticated prior to the closing of business on the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the date of issuance of the 2012 Bonds. However, if, at the time of authentication of any 2012 Bond, interest is in default, such 2012 Bond will bear interest from the date to which interest has been paid.

Securities Depository

So long as the 2012 Bonds of each series are registered in the name of DTC or its nominee, payments of principal of and redemption premium, if any, and interest on the 2012 Bonds will be paid by the Paying Agent (as defined in APPENDIX B hereto) for such series only to DTC or its nominee. Neither the Authority, the Paying Agent nor any other Fiduciary (as defined in APPENDIX B hereto) will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any DTC Participant or Indirect Participant, of any payments of principal of or redemption premium, if any, or interest on any 2012 Bonds. See "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

In the event the 2012 Bonds of any series are no longer registered in the name of DTC or its nominee, or any other clearing agency, interest on the 2012 Bonds will be paid by check of the Paying Agent mailed on or before the business day prior to each Interest Payment Date to the registered owners or registered assigns appearing on the registration books maintained by the Bond Registrar as of the close of business on the most recent Record Date; provided, however, that a registered owner of at least $1,000,000 aggregate principal amount of 2012 Bonds may request to receive payment of interest on any Interest Payment Date by wire transfer, upon written instructions to the Trustee not less than five business days prior to the Record Date immediately preceding such Interest Payment Date, which instructions will remain in effect until revoked in writing by such owner. In the event the 2012 Bonds are no longer registered in the name of DTC or its nominee, or any other clearing agency, the principal of and redemption premium, if any, on the 2012 Bonds will be payable at the corporate trust operations office of the Paying Agent.

Redemption*

Optional Redemption. The 2012 Bonds maturing on July 1, 20___ or thereafter are subject to redemption at the option of the Authority on or after __________ 1, 20___, in whole or in part at any time, at par, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2012__ Bonds maturing on July 1, 20___ (the "Term Bonds"), shall be subject to mandatory redemption and payment on each July 1 commencing July 1, 20___, pursuant to the redemption schedules hereafter set forth, at the principal amount thereof, plus accrued interest thereon to the date established for redemption and payment, without premium. The Authority hereby agrees to redeem the following principal amounts of such Term Bonds on July 1 in each of the following years:

Year	Principal Amount
(Final Maturity)	

To the extent that the Term Bonds subject to the sinking fund provisions have previously been called for redemption in part, otherwise than as due pursuant to the sinking fund redemption, each sinking fund payment applicable to the Term Bonds of such maturity shall be reduced by the amount obtained by multiplying the principal amount of such Term Bonds so previously called for redemption by the ratio which each sinking fund payment applicable to the Term Bonds of such maturity bears to the total of such sinking fund installments and by rounding each sinking fund payment to the nearest integral multiple of $5,000.

Extraordinary Redemption. The 2012 Bonds of each series are, at the option of the Authority, subject to extraordinary redemption prior to their stated maturities, at any time upon notice given within the time, in the manner and with the effect provided by the Indenture, upon the occurrence of any of the following events: (1) the applicable Refunded Facility is totally or substantially destroyed and the amount of insurance money received on account thereof by the Trustee is sufficient to pay all of the principal of and accrued interest on such Bonds outstanding under the Indenture; (2) there is a total or substantial failure of title with respect to the applicable Refunded Facility; or (3) there is a taking by condemnation or eminent domain of the applicable Refunded Facility. In the event any Refunded Facility is damaged or destroyed, such Refunded Facility may under certain circumstances be repaired, replaced or reconstructed. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE -- Summary of Certain Provisions of the Indenture -- *Insurance, Completion of Performance*."

In the event of such an extraordinary redemption, the redemption price of 2012 Bonds of each series will be 100% of the principal amount of the 2012 Bonds being redeemed plus accrued interest to the redemption date but without any premium.

Selection of 2012 Bonds to be Redeemed. The 2012 Bonds shall be redeemed only in the principal amount of $5,000, or integral multiples thereof. When less than all of the outstanding 2012 Bonds are to be redeemed and paid prior to maturity, such 2012 Bonds shall be redeemed in such manner as the Authority shall determine, with 2012 Bonds of less than a full maturity to be selected by lot in units of $5,000.

* Preliminary, subject to change.

Notice of Redemption. In the event that any 2012 Bonds of any series are called for redemption, the Trustee for such series will give a notice not less than 30 days and not more than 60 days prior to the date fixed for any such redemption to the owners of the 2012 Bonds or portions thereof to be redeemed by sending a copy of the redemption notice required by the Indenture for such series, by first class mail, to such owners at their last address appearing on the registration books maintained by the Bond Registrar as of the close of business on the last business day of the month prior to the month during which such notice is mailed. Any defect in the giving of any notice will not affect the validity of the redemption proceedings for those 2012 Bonds for which notice was properly given. Such notice may state that redemption is conditional upon the availability of funds for that purpose on the designated redemption date.

So long as the 2012 Bonds are registered in the name of DTC or its nominee, the Trustee will send notices of redemption of 2012 Bonds of such series only to DTC or its nominee, as described in the preceding paragraph. Neither the Authority, any Trustee nor any other Fiduciary will have any responsibility for any Beneficial Owners' receipt from DTC or its nominee, or from any DTC Participant or Indirect Participant, of any notices of redemption. See "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

Redemption Payments. On or prior to the date fixed for redemption of any 2012 Bonds of any series, there must be on deposit with the Paying Agent for such series sufficient funds to pay the redemption price of the 2012 Bonds or portions thereof called. After the redemption date, if proper notice of redemption has been given by mail and sufficient funds have been deposited with the Paying Agent for such series, interest will cease to accrue on the 2012 Bonds or portions thereof that have been called.

For so long as the 2012 Bonds of each series are registered in the name of DTC or its nominee, redemption payments on the 2012 Bonds will be paid by the Paying Agent only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority, any Paying Agent nor any other Fiduciary will have any responsibility for any Beneficial Owners' receipt from DTC or its nominee, or from any DTC Participant or Indirect Participant, of any redemption payments on any 2012 Bonds. See "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

Transfer and Exchange

The 2012 Bonds may be transferred or exchanged by any Bondholder or any Bondholder's duly authorized attorney at the corporate trust operations office of the Bond Registrar in Indianapolis, Indiana, to the extent and upon the conditions set forth in the Indenture for such series, including the payment of a sum sufficient to cover any tax, fee or other governmental charge for any such transfer or exchange that may be imposed upon the Authority or the Bond Registrar. The Bond Registrar will not be required (a) to transfer or exchange any 2012 Bonds during the period of 15 days prior to any selection of such Bonds to be redeemed until after the mailing of a notice of redemption, or (b) to transfer or exchange any 2012 Bonds called for redemption.

For so long as the 2012 Bonds are registered in the name of DTC or its nominee, the Bond Registrar will transfer and exchange 2012 Bonds only on behalf of DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority, any Bond Registrar nor any other Fiduciary will have any responsibility for transferring or exchanging any Beneficial Owner's interest in the 2012 Bonds. See "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM."

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Bond certificate will be issued for each series of the 2012 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC. See "APPENDIX F -- BOOK-ENTRY-ONLY SYSTEM" herein for additional details on the Book-Entry-Only System.

Revision of Book-Entry-Only System. In the event that either (1) the Authority receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2012 Bonds or (2) the Authority elects to discontinue its use of DTC as a clearing agency for the 2012 Bonds, then the Authority and the Paying Agent will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2012 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2012 Bonds and to transfer the ownership of each of the 2012 Bonds to such person or persons, including any other clearing agency, as the holder of such 2012 Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the 2012 Bonds, will be paid by the Authority.

INDIANA FINANCE AUTHORITY

General

The Authority is a body politic and corporate, not a state agency, but an independent public instrumentality under the Act. Though separate from the State, the exercise by the Authority of its powers constitutes an essential governmental function. The Authority has no taxing power, and any indebtedness incurred by the Authority does not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

In 2005 and 2007, the General Assembly enacted legislation which consolidated several State issuers, including the Indiana State Office Building Commission, into the Authority. Pursuant to this legislation, all powers, duties, liabilities, property and records of these issuers were transferred to the Authority, as the successor agency.

Organization, Membership

The Authority's board of directors consists of the State Budget Director (or the State Budget Director's designee), who serves as Chairman of the Authority, the Treasurer of State (or the Treasurer of State's designee), and three members appointed by the Governor. No more than two of the Governor's appointees may be members of the same political party. In addition, the Governor's appointees must be residents of the State, serve for terms of four years and until their successors are appointed and qualified, and may be reappointed by the Governor. The members of the Authority elect one of the members to serve as Vice Chairman and other officers as they may determine. Members are entitled to reimbursement for travel expenses and other expenses actually incurred in connection with their duties as provided by law, but are not entitled to any salary per diem while performing their duties.

Any three members of the Authority constitute a quorum, and the affirmative votes of at least three members are necessary for action to be taken by the Authority.

The following persons comprise the Authority:

ADAM M. HORST, State Budget Director, Chairman of the Authority. Residence: Indianapolis, Indiana. Principal occupation: State Budget Director and Director of Office of Management and Budget.

RICHARD E. MOURDOCK, Treasurer of State. Residence: Evansville, Indiana. Principal occupation: Treasurer of State.

OWEN B. MELTON, JR., appointed member; term expires May 15, 2014. Residence: Carmel, Indiana. Principal occupation: Retired (former Chief Executive Officer of First Indiana Bank, N.A.).

HARRY F. MCNAUGHT, JR., appointed member; term expired May 15, 2011*. Residence: Carmel, Indiana. Principal occupation: President and CEO, Denison Properties, Inc.

One vacancy exists on the board of directors. Such vacancy shall be filled as set forth in the Act.

* Pursuant to the Act, an Authority member continues to serve in such capacity until a successor member is appointed.

The financial affairs of the Authority, including the issuance of bonds, are managed by the Public Finance Director of the State and employees of the Authority. Kendra W. York is the Public Finance Director of the State.

Powers

Under Indiana law, the Authority is authorized to issue revenue bonds to finance a wide variety of facilities, including buildings, highways, aviation facilities, stadiums, convention centers, recreation facilities, wastewater treatment projects, drinking water projects, toll roads, economic development projects, educational facilities, health facility property and pollution control facilities.

Pursuant to this authorization, the Authority and its predecessor agencies have issued revenue bonds to finance many such facilities. In addition, the Authority expects in the future to issue additional revenue bonds to finance additional facilities. See "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA -- State Indebtedness -- Obligations Payable from Possible State Appropriations."

Summary of Outstanding Debt

For a summary of certain of the Authority's outstanding indebtedness payable from State appropriations or other contingent State obligations, see "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA -- State Indebtedness."

INDIANA DEPARTMENT OF ADMINISTRATION

The Department of Administration leases Facility No. 7, Facility No. 8 and Facility No. 9 from the Authority pursuant to separate Affected Use and Occupancy Agreements. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE." Under the Act, the Department of Administration has the power to negotiate and execute use and occupancy agreements for all or any State agencies or branches of State government, including the Department of Corrections, the Indiana State Museum and Historic Sites Corporation, Family and Social Services Administration, and others.

Under Indiana Code 4-13-1, the Department of Administration is responsible for the provision of certain administrative services to State agencies. The Department of Administration is responsible for assigning office space, storage space and parking facilities for State agencies in accordance with Indiana Code 4-20.5-5.

The Department of Administration is headed by a Commissioner who is appointed by, and serves at the pleasure of, the Governor.

FAMILY AND SOCIAL SERVICES ADMINISTRATION

The Indiana Family and Social Services Administration is organized under Indiana Code 12-8, as an agency of the State. The Secretary of the Family and Social Services Administration is charged with responsibility for administering and supervising the Family and Social Services Administration. The Division of Mental Health and Addiction is one of four divisions of the Family and Social Services Administration. The Division's responsibilities include the operation of all State owned and operated psychiatric hospitals, including Facility No. 7, Facility No. 8 and Facility No. 9.

LITIGATION

At the time of delivery of the 2012 Bonds, the Authority will certify that there is no litigation or other proceeding pending or, to the knowledge of the Authority, threatened in any court, agency or other administrative body affecting the existence of the Authority, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the 2012 Bonds, or the collection of the revenues or receipts derived from the Affected Use and Occupancy Agreements, pledged or to be pledged to pay the principal of and redemption premium, if any, and interest on the 2012 Bonds, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the 2012 Bonds, or in any way contesting or affecting the validity or enforceability of the Indenture or the Affected Use and Occupancy Agreements, or contesting the exclusion from gross income of interest on the 2012 Bonds for federal income tax purposes, or contesting the powers of the Authority, or any authority for the 2012 Bonds, the Indenture or the Affected Use and Occupancy Agreements, or contesting in any way the completeness, accuracy or fairness of this Official Statement or materially and adversely affecting the financial condition of the Authority. For a discussion of litigation involving the State, see "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA."

TAX MATTERS

In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, bond counsel to the Authority, under existing laws, regulations, rulings and judicial decisions, interest on each series of the 2012 Bonds is excludable from gross income for federal income purposes pursuant to Section 103 of the Code, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. These opinions, with respect to each series, relate only to the exclusion from gross income of interest on such series of the 2012 Bonds for federal income tax purposes under Section 103 of the Code and are conditioned on continuing compliance by the Authority with the Tax Covenants (defined below). In the opinion of bond counsel, under existing laws, regulations, rulings and judicial decisions, interest on each series of the 2012 Bonds is exempt from income taxation in the State of Indiana. See "APPENDIX D -- PROPOSED OPINIONS OF BOND COUNSEL."

The Code imposes certain requirements, which must be met subsequent to the issuance of the 2012 Bonds as a condition to the exclusion from gross income of interest on the 2012 Bonds for federal income tax purposes. The Authority will covenant not to take any action, nor fail to take any action, within its power and control with respect to any 2012 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on such 2012 Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). Noncompliance with such requirements may cause interest on a series of the 2012 Bonds to be included in gross income for federal tax purposes retroactive to the date of issue of such 2012 Bonds, regardless of the date which noncompliance occurs. It is not an Event of Default under the Indenture if the interest on the 2012 Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of the issuance of the 2012 Bonds.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general includes all corporations transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this franchise tax on their ownership of the 2012 Bonds.

Although bond counsel has rendered an opinion on the federal and state tax matters above, the accrual or receipt of interest on 2012 Bonds may otherwise affect a 2012 Bondholder's federal income or state income tax liability. The nature and extent of these other tax consequences will depend upon a 2012 Bondholder's particular tax status and a 2012 Bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits, individuals eligible to claim the earned income tax credit under Section 37 of the Code, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2012 Bonds. Bond counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the 2012 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2012 Bonds.

ORIGINAL ISSUE DISCOUNT

The maturity schedules for each series of the 2012 Bonds shown on the inside front cover page of this Official Statement set forth the interest rate and yield to maturity (or yield to the par call date) for each maturity (or portion thereof) of the 2012 Bonds. The 2012 Bonds which have a yield to maturity (or yield to the par call date) on the inside front cover page that exceeds the stated interest rate for such maturity (or portion thereof) are the "Discount Bonds." The difference between the initial public offering price of each maturity of the Discount Bonds as set forth on the inside front cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity, or a portion thereof, is sold) (the "Issue Price for such maturity"), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity, or a portion thereof, and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

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

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

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

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

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

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

AMORTIZABLE BOND PREMIUM

The maturity schedules for each series of the 2012 Bonds shown on the inside front cover page of this Official Statement set forth the interest rate and yield to maturity (or yield to the par call date) for each maturity (or portion thereof) of the 2012 Bonds. The 2012 Bonds which have a yield to maturity (or yield to the par call date) on the inside front cover page that is less than the stated interest rate for such maturity (or portion thereof) are the "Premium Bonds." The initial offering price of the Premium Bonds is greater than the principal amount payable at maturity, and as a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering of the 2012 Bonds will be required to adjust the owner's basis in the Premium Bond downward as a result of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (1) the amount of amortizable Bond Premium and (2) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning Premium Bonds.

Owners of the 2012 Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

ENFORCEABILITY OF REMEDIES

The enforceability of the rights and remedies of any Trustee or holders of the 2012 Bonds under the Indenture, the enforceability of the rights and remedies of the Authority under the applicable Use and Occupancy Agreements, the enforceability of the rights and remedies of any other party under any other agreement in this financing, and the availability of remedies to any party seeking to enforce the pledge of the respective Trust Estates relating to the 2012 Bonds, including the pledge of the rentals under the applicable Use and Occupancy Agreements (collectively, the "Pledges"), are in many respects dependent upon regulatory and 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 rights and remedies provided (or which may be provided) under the Indenture, the applicable Use and Occupancy Agreements and any other agreement in this financing, and the rights and remedies of any party seeking to enforce the Pledges, may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the 2012 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the exercise of judicial discretion in appropriate cases.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters are subject to the approving opinion of Bingham Greenebaum Doll LLP, bond counsel to the Authority, whose approving opinion with respect to each series will be delivered with the 2012 Bonds. See "APPENDIX D -- PROPOSED OPINIONS OF BOND COUNSEL." Certain legal matters will be passed upon for the Authority and the Department of Administration by the office of the Attorney General of the State, and for the Underwriters by Faegre Baker Daniels LLP, Underwriters' counsel.

The various legal opinions to be delivered concurrently with the delivery of the 2012 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Such legal opinions express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction. See "ENFORCEABILITY OF REMEDIES."

UNDERWRITING

The 2012 Bonds are being purchased by the Underwriters. The Underwriters have agreed to purchase the 2012 Bonds at an aggregate purchase price of $__________ (which represents the face amount of the 2012 Bonds, plus/less net original issue premium/discount of $__________, less an underwriting fee of $__________), without accrued interest, pursuant to the contract of purchase (the "Purchase Contract") entered into by the Authority and the Underwriters. The Purchase Contract provides that the Underwriters will purchase all the 2012 Bonds if any are purchased. The initial offering price may be changed from time to time by the Underwriters. The Underwriters have agreed to make a bona fide public offering of all the 2012 Bonds at prices not in excess of the initial public offering prices set forth or reflected on the inside cover page of this Official Statement. The Underwriters may sell the 2012 Bonds to certain dealers (including dealers depositing 2012 Bonds into investment trusts) and others at prices lower than the offering prices set forth on the inside front cover page hereof.

J.P. Morgan Securities LLC, one of the Underwriters of the 2012 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase 2012 Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any 2012 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the 2012 Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the 2012 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2012 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") and Fitch Ratings ("Fitch") have assigned long-term ratings of "Aa1," "AA+" and "AA+," respectively, to the 2012 Bonds. These ratings reflect only the views of Moody's, S&P and Fitch, respectively. An explanation of the ratings may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, from S&P at 55 Water Street, New York, New York 10004, and from Fitch at One State Street Plaza, New York, New York 10004.

The ratings are not a recommendation to buy, sell or hold any of the 2012 Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that a rating will not be revised downward or withdrawn entirely by Moody's, S&P or Fitch if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the 2012 Bonds.

FINANCIAL STATEMENTS

The financial statements of the Authority for the Fiscal Year ended June 30, 2011, which financial statements are the most recent available, have been audited by Katz, Sapper & Miller, independent certified public accountants, and are available upon request from the Authority. See "MISCELLANEOUS."

The Authority is required under the Indenture to file its annual financial statements with the Trustee.

The general purpose financial statements of the State have been audited by the State Board of Accounts and may be obtained from the State Budget Agency, State of Indiana, Statehouse, Room 212, Indianapolis, IN 46204, Attention: State Budget Director (317) 232-5610 or on the Internet at: http://www.in.gov/sba/. See "APPENDIX A -- FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA -- Fiscal Policies -- 2011 Financial Report."

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "SEC Rule"), the Authority and the State will enter into a Continuing Disclosure Undertaking, dated the date of delivery of the 2012 Bonds (the "Undertaking"), with The Bank of New York Mellon Trust Company, N.A., as counterparty (the "Counterparty"). The proposed form of Undertaking is attached hereto as APPENDIX E.

There have been no instances in the past five years when either the Authority or the State has failed to comply, in all material respects, with any undertaking in a written contract or agreement as specified in paragraph (b)(5)(i) of the SEC Rule.

ARITHMETICAL VERIFICATION

The arithmetical calculations determining the adequacy of the maturing principal and interest income of the United States Treasury Obligations, together with a cash deposit, deposited in the Escrow Funds to pay all principal of and redemption premiums, if any, and interest on the respective series of Refunded Bonds in the manner described in "PLAN OF FINANCE -- Plan of Refunding," and the arithmetical calculations supporting the conclusions that the 2012 Bonds are not "arbitrage bonds" under Section 148 of the Code, reflected in the approving legal opinions of bond counsel, will be verified by Causey Demgen & Moore, Inc., independent public accountants ("Verification Agent"), as a condition precedent to the delivery of the 2012 Bonds. Such computations will be based upon information, assumptions and calculations supplied to the Verification Agent by the Underwriters.

MISCELLANEOUS

Legislative Proposals

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2012 Bonds of any series to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners of the 2012 Bonds of any series from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2012 Bonds. Prospective purchasers of the 2012 Bonds of any series should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, all matters as to which bond counsel expresses no opinion.

General

Information contained in this Official Statement with respect to the Authority and the Department of Administration, and copies of the Indenture, the Affected Use and Occupancy Agreements and the

Undertaking referred to in this Official Statement, may be obtained from the Indiana Finance Authority, One North Capitol, Suite 900, Indianapolis, Indiana 46204. The Authority's telephone number is (317) 233-4332.

This Official Statement is submitted in connection with the issuance and sale of the 2012 Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement has been duly authorized and approved by the Authority and duly executed and delivered on its behalf by the official signing below.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the Authority are fully set forth in the Indenture in accordance with the Act. Neither any advertisement of the 2012 Bonds nor this Official Statement is to be construed as constituting a contract or agreement between the Authority and the purchasers or owners of the 2012 Bonds.

[Remainder of page intentionally left blank.]

This Official Statement has been duly approved, executed and delivered by the Authority.

INDIANA FINANCE AUTHORITY

By: ______________________________
Adam M. Horst, Chairman

Attest:

By: ______________________________
Kendra W. York, Public Finance Director
of the State of Indiana

APPENDIX A

FINANCIAL AND ECONOMIC STATEMENT
FOR
STATE OF INDIANA

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SCHEDULE OF TABLES

INTRODUCTION

This Financial and Economic Statement (this "Appendix A") for the State of Indiana (the "State") includes a description of the State's economic and fiscal condition, the results of operations and revenue and expenditure projections through the end of the biennium ending June 30, 2011. The information is compiled on behalf of the State by the State Budget Agency (the "Budget Agency") and the Indiana Finance Authority and includes information and data taken from the Budget Agency's unaudited reports. It also includes information obtained from other sources the State believes to be reliable.

This Appendix A should be read in its entirety, together with any supplements.

STRUCTURE OF STATE GOVERNMENT

Division of Powers

The State constitution divides the powers of State government into three separate departments: the executive (including the administrative), the legislative and the judicial. Under the State constitution, no person in any department may exercise any function of another department, unless expressly authorized to do so by the constitution.

Executive Department

The Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General and Superintendent of Public Instruction comprise the executive department of the State. All are elected for four-year terms.

The executive power of the State is vested in the Governor. The State constitution requires the Governor to take care that the laws are faithfully executed. The Governor may recommend legislation to the General Assembly of the State (the "General Assembly"), call special sessions of the General Assembly and veto any bill passed by the General Assembly (although any veto may be overridden if the bill is re-passed by a majority of all the members elected to each house of the General Assembly).

The Lieutenant Governor serves as the President of the State Senate. The Lieutenant Governor also serves as Secretary of Agriculture and Rural Development, is a member of the Indiana Housing and Community Development Authority, oversees the Office of Tourism Development, oversees the Office of Energy and Defense Development and chairs the Counter-Terrorism and Security Council.

The Secretary of State administers State laws regulating the chartering of new businesses, the filing of commercial liens and the issuance of trademarks, notaries public and summonses. In addition, the Secretary of State regulates the State's securities industry and oversees the State's elections.

The Treasurer of State is responsible for the investment and safekeeping of State moneys. The Treasurer of State is Secretary-Investment Manager of the State Board for Depositories and chairs the Indiana Bond Bank and Indiana Education Savings Authority. The Treasurer of State is a member of the State Board of Finance, Indiana Finance Authority, Indiana Housing and Community Development Authority, Indiana Wireless Enhanced 911 Advisory Board, Indiana Public Retirement System and Deferred Compensation Plan and is a Trustee of the Indiana State Police Pension Trust.

The Auditor of State maintains the State's centralized financial accounting system for all State agencies. Responsibilities include accounting for State funds, overseeing and disbursing tax distributions to local governments, paying the State's bills and paying the State's employees. The Auditor of State is required by statute to prepare and publish annual statements of State funds, outlining receipts and disbursements of each State department and agency. The Auditor of State is the administrator of the Deferred Compensation Plan, the secretary of the State Board of Finance and a member of the Board for Depositories and the Indiana Public Retirement System.

The Attorney General is the chief legal officer of the State and is required to represent the State in lawsuits in which the State is a party. The Attorney General, upon request, gives legal opinions to the Governor, members of the General Assembly and officers of the State. In addition, the Attorney General investigates and prosecutes certain consumer complaints and Medicaid fraud.

The Superintendent of Public Instruction chairs the State Board of Education and directs the Department of Education.

Legislative Department

The legislative authority of the State is vested in the General Assembly, which is comprised of the House of Representatives and the Senate. The House of Representatives consists of 100 members who are elected for two-year terms beginning in November of each even-numbered calendar year. The Senate consists of 50 members who are elected for four-year terms, with one-half of the Senate elected biennially. The Speaker presides over the House of Representatives. The members of the House of Representatives select the Speaker from among the ranks of the House.

By law, the term of each General Assembly extends for two years, beginning in November of each even-numbered calendar year. The first regular session of every General Assembly occurs in the following odd-numbered year, convening not later than the second Monday in January and adjourning not later than April 29. The second regular session occurs in the following year, convening not later than the second Monday in January and adjourning not later than March 14.

Special sessions of the General Assembly may be convened by the Governor at any time. A special session of the General Assembly may not exceed 30 session days during a 40-calendar-day period. The Governor cannot limit the subject of any special session or its scope.

Judicial Department

The judicial power of the State is vested in a Supreme Court, a Court of Appeals, Circuit Courts and such other courts as the General Assembly may establish.

The Judicial Nominating Commission (comprised of the Chief Justice or his designee, three attorneys elected by the attorneys of Indiana and three non-attorney citizens appointed by the Governor) evaluates the qualifications of potential candidates for vacant seats on the Supreme Court and Court of Appeals. When a vacancy occurs in either court, the Judicial Nominating Commission submits the names of three nominees and the Governor selects one of the three.

The initial term of each newly appointed justice and judge is two years, after which the justice or judge is subject to a "yes" or "no" referendum at the time of the next general election. For justices of the Supreme Court, the entire State electorate votes on the question of approval or rejection. For Court of Appeals judges, the referendum is by district. Those justices and judges receiving an affirmative vote serve a ten-year term, after which they are again subject to referendum.

FISCAL POLICIES

Fiscal Years

The State's fiscal year is the twelve-month period beginning on July 1 of each calendar year and ending on June 30 of the succeeding calendar year (a "Fiscal Year").

Accounting System

The State maintains a central accounting system that processes all payments for State agencies and institutions, except State colleges and universities. The Auditor of State is responsible for the pre-audit of all payments, the issuance of all warrants and the maintenance of the accounting system.

Budgetary control is integrated into the accounting system. Legislative appropriations are entered into the system as an overall spending limit by account for each agency within each fund, but appropriations are not available for expenditure until allotted by the Budget Agency. Allotments authorize an agency to spend a portion of its appropriation. The Budget Agency makes quarterly allotments. Capital is allotted as projects are approved by the State Budget Committee.

The accounting system is maintained using the cash basis of accounting. At year-end, accruals are recognized as necessary to convert from the cash basis of accounting. Government-wide financial statements are recognized as full accrual basis of accounting and fund statements are recognized as modified accrual basis of accounting in accordance with generally accepted accounting principles for government financial reporting purposes.

Fund Structure

Funds are used to record the financial activities of State government. There are three major fund types: Governmental, Proprietary and Fiduciary.

Governmental Funds. Governmental Funds are used to account for the State's general governmental activities and use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (that is, when it is "measurable and available"). Expenditures are recorded when the related fund liability is incurred, except that (i) unmatured interest on general long-term debt is recognized when due and (ii) certain compensated absences and related liabilities and claims and judgments are recognized when the obligations are expected to be liquidated. Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

General Fund. The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government that are not required to be accounted for in another fund.

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Special Revenue Funds include the Motor Vehicle Highway Fund, which receives revenue from gasoline taxes and motor vehicle registrations and operator licensing fees, and distributes that revenue among the State and its counties, cities and towns to be used for the construction, reconstruction, improvement, maintenance and policing of highways and secondary roads.

Debt Service Funds. Debt Service Funds are used to account for the accumulation of resources and payment of bond principal and interest from special revenue component units that are bodies corporate and politic with the legal authority to issue bonds to finance certain improvements within the State.

Capital Projects Funds. Capital Projects Funds are used to account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Capital Projects Funds include the Post War Construction Fund, Build Indiana Fund ("BIF"), Veterans Home Fund, State Police Building Commission Fund, Law Enforcement Academy Building Fund, Interstate Bridge Fund and Major Construction-Indiana Army National Guard Fund.

Proprietary Funds. Proprietary Funds are used to account for a government's business-type activities. They use the accrual basis of accounting. There are two types of Proprietary Funds: Enterprise Funds and Internal Service Funds.

Enterprise Funds. Enterprise Funds are used to account for provision of services to customers outside the government. Examples are the State Lottery Commission and Inns and Concessions.

Internal Service Funds. Internal Service Funds are used to account for provision of services to other funds, departments or agencies of the government. For example, the Indiana Office of Technology and the State Personnel Department provide centralized resources to state agencies.

Fiduciary Funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support government programs. They use the accrual basis of accounting. Indiana has three types of Fiduciary Funds: Pension Trust Funds, Private-purpose Trust Funds and Agency Funds.

Pension Trust Funds. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. Examples are the State Police Pension Fund and the Employees' Deferred Compensation Fund.

Private-purpose Trust Funds. Private-purpose Trust Funds are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations or other governments. Examples are the Student Loan Program Fund and the Abandoned Property Fund.

Agency Funds. Agency Funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. Examples are the Child Support Fund and the Local Distributions Fund.

Budget Process

State Budget Agency. The Budget Agency is responsible for preparing the State budget. After the budget is enacted by the General Assembly, the Budget Agency has extensive statutory authority to administer it. The chief executive officer of the Budget Agency is the State Budget Director, who is appointed by the Governor. The Governor also appoints two Deputy Budget Directors; by law, the deputies must be of different political parties.

State Budget Committee. The Budget Committee consists of the State Budget Director and four State legislators. The Budget Committee oversees the preparation of the budget and administration of capital budgets after enactment. The legislative members of the Budget Committee consist of two members of the Senate, appointed by the President pro tempore of the Senate, and two members of the House of Representatives, appointed by the Speaker of the House of Representatives. One of the two appointees from each chamber must be nominated by the minority floor leader. Four alternate members of the Budget Committee must be legislators selected in the same manner as regular members. An alternate member participates and has the same privileges as a regular member, except that an alternate member votes only if the regular member from the alternate member's respective chamber and political party is not present. The legislators serve as liaisons between the executive and legislative departments and provide fiscal information to their respective caucuses.

Budget Development. The State operates under a two-year budget; the legislature enacts one act containing two annual budgets. On or before the first day of September in each even-numbered year, all State agencies, including State-supported higher education institutions and public employee and teacher pension fund trustees, submit budget requests to the Budget Agency. The Budget Agency then conducts an internal review of each request. In the fall of each even-numbered year, the Budget Committee begins hearings on budget requests. After presentations by the agencies and the Budget Agency, the Budget Committee makes budget recommendations to the Governor.

Revenue Projections. Revenue projections are prepared by the State's Technical Forecast Committee (the "Forecast Committee"). Starting with the December 2008 forecast, Global Insight, Inc. provided the forecasted independent variables. Global Insight, Inc. was chosen following a thorough evaluation of submitted proposals based on forecasting capabilities and detailed knowledge of the State, national, and international economies.

The Forecast Committee is responsible for developing econometric models used to derive the State's revenue projections and for monitoring changes in State and federal laws that may have an impact on State revenue. Each regular member of the Budget Committee appoints a member of the Forecast Committee. Members of the Budget Committee appoint one additional member from a higher education institution for a total of six members. Members of the Forecast Committee are individuals with expertise in public finance.

Budget Report. The budget report and budget bill are prepared by the Budget Committee with the Budget Agency's assistance. The budget report and bill are based upon the recommendations and estimates prepared by the Budget Agency and the information obtained through hearings and other inquiries. If the Budget Agency and a majority of the members of the Budget Committee differ upon any item, matter or amount to be included in the budget report and bill, the recommendation of the Budget Agency is included in the bill.

Before the second Monday of January in the year immediately after their preparation, the Budget Committee submits the budget report and bill to the Governor. The Governor then delivers the budget bill to the Budget Committee members appointed by the Speaker of the House of Representatives for introduction in the House. Although there is no law that requires a budget bill to originate in the House, by tradition, the House passes a budget bill first and sends it to the Senate for consideration.

The budget report includes (a) a statement of policy, (b) a general summary, (c) detailed data on actual receipts and expenditures for the previous budget period, (d) a description of the State capital improvement program, (e) the requests for appropriations by State agencies and (f) the Budget Agency's recommended appropriations.

Appropriations. Within 45 days following the adjournment of each regular session of the General Assembly or within 60 days following a special session of the General Assembly, the Budget Agency is required to prepare a list of all appropriations made for the budget period beginning on July 1 following such session, or for such other period as may be provided in the appropriation. The State Budget Director is required to prepare a written review and analysis of the fiscal status and affairs of the State as affected by the appropriations. The report is forwarded to the Governor, the Auditor of State and each member of the General Assembly.

On or before the first day of June of each calendar year, the Budget Agency is required to prepare a list of all appropriations made for expenditure or encumbrance for the ensuing Fiscal Year. The Auditor of State then establishes the necessary accounts based upon the list.

Intra-Agency Transfers. The Budget Agency is responsible for administering the State budget after it is enacted. The Budget Agency may, with the approval of the Governor and the State Budget Director, transfer, assign or reassign all or any part of any appropriation made to any agency for a specific use or purpose to another use or purpose, except any appropriation made to the Indiana State Teachers' Retirement Fund. The Budget Agency may take such action only if the transfer, assignment or reassignment is to meet a use or purpose that an agency is required or authorized by law to perform. The agency whose appropriation is involved must approve the transfer, assignment or reassignment.

Contingency Appropriations. The General Assembly may also make "contingency appropriations" to the Budget Agency, which are general and unrelated to any specific State agency. In the absence of other directions imposed by the General Assembly, contingency appropriations must be for the general use of any agency of the State and must be for its contingency purposes or needs, as the Budget Agency in each situation determines. The Budget Agency fixes the amount of each transfer and orders the transfer from such appropriations to the agency. The Budget Agency may make and order allocations and transfers to, and authorized expenditures by, the various State agencies to achieve the purposes of such agencies or to meet the following: (a) necessary expenditures for the preservation of public health and for the protection of persons and property that were not foreseen when appropriations were last made; (b) repair of damage to, or replacement of, any building or equipment owned by the State which has been so damaged as to materially affect the public safety or utility thereof, or which has so deteriorated as to become unusable if such deterioration was not foreseen when appropriations were last made; (c) emergencies resulting from an increase in costs or any other factor or event that was not foreseen when appropriations were last made; or (d) supplement an exhausted fund or account of any State agency, whatsoever the cause of such exhaustion, if it is found necessary to accomplish the orderly administration of the agency or the accomplishment of an existing specific State project.

These provisions may not change, impair or destroy any fund previously created nor affect the administration of any contingency appropriations previously or subsequently made for specific purposes.

State Board of Finance

The State Board of Finance (the "Finance Board") consists of the Governor, the Treasurer of State and the Auditor of State. The Finance Board elects from its membership a president, who, by tradition, is the Governor. The Auditor of State is the secretary of the Finance Board. The Finance Board is responsible for supervising the fiscal affairs of the State and has advisory supervision of the safekeeping of all funds coming into the State treasury and all other funds belonging to the State coming into the possession of any State agency or officer. The Finance Board may transfer money between funds, except trust funds, and the Finance Board may transfer money between appropriations for any State board, department, commission, office or benevolent or penal institution.

The Finance Board has statutory authority to negotiate loans on behalf of the State for the purpose of meeting "casual deficits" in State revenue. A loan may not be for a period longer than four years after the end of the Fiscal Year in which it is made. If sufficient revenue is not being received by the General Fund to repay the loan when due, the Finance Board may levy a tax on all taxable property in the State sufficient to pay the amount of the indebtedness. The Finance Board has never negotiated a loan to meet a deficit in State revenue.

Office of Management and Budget

The Office of Management and Budget ("OMB") directs the fiscal management and budget policy of the State. The Director ("Director") of the OMB is the chief financial officer of the State, and reports directly to the Governor. The Director is responsible for and has authority over all functions performed by the Budget Agency, the Department of State Revenue, and the Department of Local Government Finance, as well as all budgeting, accounting and spending functions within the various agencies, departments and programs of State government. The Director may also serve as the State Budget Director. By statutory designation, the State Budget Director also serves as the Chairman of the Indiana Finance Authority. Pursuant to Executive Order 05-02, the OMB oversees and coordinates the functions, responsibilities and duties of the Indiana Public Retirement System and the State Board of Accounts to the fullest extent permitted by law.

The Division of Government Efficiency and Financial Planning of the OMB conducts operational and procedural audits of State government, performs financial planning, designs and implements efficiency projects, and carries out such other responsibilities as may be designated by the Director.

Cash Management and Investments

The Treasurer of State is responsible for the receipt, custody and deposit of all moneys paid into the State Treasury and keeps daily accounts of all funds received into the Treasury and all moneys paid out of it. The Treasurer of State is responsible for investing the General Fund and more than 60 other funds. The investments in which the Treasurer of State may invest State funds are limited to: (a) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality or a federal government sponsored enterprise; (b) obligations issued by (i) agencies or instrumentalities of the United States government, (ii) federal government sponsored enterprises or (iii) the Indiana Bond Bank that are secured by tax anticipation time warrants or notes that (A) are issued by a political subdivision of the State and (B) have a maturity date not later than the end of the calendar year following the year of issuance; (c) certain money market mutual funds, the portfolio of which is limited to (i) direct obligations of the United States, (ii) obligations issued by any federal agency, federal instrumentality or federal government sponsored enterprise or (iii) repurchase agreements fully collateralized by obligations described in (i) or (ii); (d) deposit accounts of certain designated depositories; or (e) certain other securities. Investments may be made only in securities having a maturity of up to two years, except that up to 25% of the total portfolio of funds invested by the Treasurer of State may be invested in securities having a maturity of up to five years.

Audits

The State Board of Accounts is the State agency responsible for (a) auditing all State and local units of government and (b) approving uniform systems of accounting for such governments.

The State Board of Accounts performs its financial and compliance audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The State Board of Accounts issues its opinion on the fairness of financial statements and their conformity to generally accepted accounting principles for the State agencies and local units of government it audits, including the comprehensive annual financial report (or CAFR) prepared annually by the Auditor of State.

2011 Financial Report

The Indiana Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2011 (the "2011 Financial Report"), contains certain financial information about the State, including the financial statements of the State as of and for the Fiscal Year ended June 30, 2011, as set forth therein. The 2011 Financial Report, which is available to the public on the Municipal Securities Rulemaking Board's Internet Web site, is included in this Appendix A by specific reference.

A copy of the 2011 Financial Report is available from the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") System. In addition, the 2011 Financial Report may be found at: http://www.in.gov/auditor/.

The 2011 Financial Report speaks only as of its date. The inclusion of the 2011 Financial Report in this Appendix A does not imply that there has been no change in the information therein since the date thereof.

STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS

Property Tax Reform

In 2008, the General Assembly enacted significant property tax legislation, P.L. 146-2008. The plan included both short-term relief and long-term reform. Short-term relief, $620 million of additional State homestead credits in calendar year 2008, was funded through the revenues generated from the 1% increase, from 6% to 7%, in the state sales and use tax which was effective April 1, 2008. The long-term reform is based on the State assumption of costs historically funded through property taxes levied by local units of government. These expenses include but are not limited to the school general fund, five child welfare levies, certain police and fire pension benefit payments, juvenile incarceration costs, and certain levies for state purposes. Funding for these expenditures are provided by the increase in sales tax, the retention and redirection of funds deposited and formerly used for state property tax replacement and homestead credits, and gaming revenue from the taxation of slot machines operated at two licensed horse racing facilities.

Other elements of the reform plan include caps on the amount property owners must pay. Any impact on local budgets resulting from the caps will be borne by the local unit of government. The State has no obligation to compensate local units of government for any lost property tax revenue as a result of the caps. The caps were subject to state-wide user referendum, which was overwhelmingly approved to be incorporated into the State of Indiana Constitution on November 2, 2010.

P.L. 146-2008 increased the state Earned Income Tax Credit rate from 6% to 9%. In addition, the renter's deduction was increased from $2,500 to $3,000.

Operating Revenue

While certain revenue of the State is required by law to be credited to particular funds other than the General Fund, the requirement is primarily for accounting purposes and may be changed. Substantially all State revenue is general revenue until applied. No lien or priority is created to secure the application of such revenue to any particular purpose or to any claim against the State. All revenue not allocated to a particular fund is credited to the General Fund. The general policy of the State is to close each Fiscal Year with a surplus in the General Fund and a zero balance in all other accounts, except for certain dedicated and trust funds and General Fund accounts reimbursed in arrears.

The combined State receipts in the General Fund are referred to as "State Operating Revenue" or "Operating Revenue." Operating Revenue is defined as the General Fund and other revenue forecasted by the Technical Forecast Committee. Total Operating Revenue together with "DSH revenue" transferred to the General Fund, plus transfers from other funds when necessary and available, are used in the determination of the State's unappropriated balance reflected on the General Fund Unappropriated Reserve Statement. "DSH" is an acronym for "Disproportionate Share for Hospitals (federal funds)," and DSH revenue constitutes additional Medicaid reimbursements provided to the State for hospitals that serve disproportionately large numbers of poor people.

General Fund Revenue Sources

Sales and use taxes, corporate and individual income taxes and wagering taxes are the three primary sources of State Operating Revenue. Table 1 provides annual revenue by source and growth rates over time. The following is a summary of Operating Revenue by source.

Sales and Use Taxes. As part of the property tax reform legislation enacted in P.L. 146-2008, the sales and use tax rate was increased from 6.0% to 7.0%, effective April 1, 2008. This tax is imposed on the sale and rental of tangible personal property and the sale of certain services, including the furnishing of public utility services and the rental or furnishing of public accommodations such as hotel and motel room rentals. In general, the complementary 7.0% use tax is imposed upon the storage, use or consumption of tangible personal property in the State. Some of the major exemptions from the sales and use taxes are sales of certain property to be used in manufacturing, research and development equipment after July 1, 2007, agricultural production, public transportation or governmental functions, sales for resale, food sold in grocery stores and prescription drugs.

Corporate Income Taxes.

Corporate Adjusted Gross Income Tax. The corporate adjusted gross income tax is applicable to corporations doing business in the State. The corporate adjusted gross income tax rate is 8.5% of apportioned Indiana adjusted gross income (AGI). P.L 172-2011 reduced the corporate AGI tax rate from 8.5% to 6.5% in 0.5% increments over four years beginning on July 1, 2012. The phase-in of the tax rate reduction will be complete on July 1, 2015. AGI is federal taxable income with certain additions and subtractions. Certain international banking facilities and insurance companies, S corporations, limited liability companies, partnerships and tax-exempt organizations (to the extent their income is exempt for federal tax purposes) are not subject to the corporate adjusted gross income tax. Corporate adjusted gross income tax collections are allocated to the General Fund.

Financial Institution Tax. This tax is applicable to a financial institution for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. It applies to any business which is primarily engaged in extending credit, or engaged in leasing. The tax base is a taxpayer's apportioned adjusted gross income with statutory deductions and additions. Insurance companies, international banking facilities, federally chartered credit unions, and S corporations are exempt. The tax rate is 8.5%. Local units of government are guaranteed revenue based on the former Financial Institution Taxes in 1989. Any remaining revenue collected is deposited in the state General Fund.

Utilities Receipts Tax. The utilities receipts tax is based on gross receipts from retail utility sales and is imposed at a rate of 1.4%. All revenue is deposited in the state General Fund. Utilities must also pay the corporate adjusted gross income tax. Effective July 1, 2007, a use tax was imposed on consumers of utilities if the Utilities Receipts Tax was not paid by the seller. The use tax is imposed at the rate of 1.4% on the gross purchase price of the utilities.

Individual Adjusted Gross Income Tax. Adjusted gross income (federal adjusted gross income modified by adding back certain federal adjustments and subtracting certain federal exemptions and deductions) of residents and non-residents with income derived from Indiana sources is taxed at 3.4%. All revenue derived from the collection of the adjusted gross income tax imposed on persons is credited to the General Fund.

Wagering Tax. The wagering tax is applied to the adjusted gross receipts of riverboat gambling operations in Indiana. Riverboat gambling operations are permitted to implement flexible scheduling, enabling patrons to gamble while a riverboat is docked. Riverboats that adopt flexible scheduling are required to pay a graduated tax currently set at 15% of the first $25 million of adjusted gross receipts in a fiscal year, 20% of receipts between $25 million and $50 million, 25% of receipts between $50 million and $75 million, 30% of receipts between $75 million and $150 million, 35% of receipts between $150 million and $600 million, and 40% of all adjusted gross receipts exceeding $600 million.

In addition, the first $33 million of wagering taxes collected in the State's fiscal year must be set aside for revenue sharing among local units of government that do not have riverboats. Of the remaining revenue, 25% is distributed to the cities and counties with riverboat operations, and 75% is deposited in the General Fund. The legislation capped the amounts that may be distributed to the cities and towns with riverboat operations at the amounts distributed in Fiscal Year 2002. All revenue in excess of the capped amounts is deposited in the General Fund. The General Fund receives 37.5% of wagering tax from the Orange County Casino. The remaining wagering tax revenue from the Orange County Casino is deposited in the local funds. From the revenue distributed to the General Fund, an amount is distributed annually to the BIF. The transfer amount is such that the total lottery and gaming revenue deposited in the BIF equals $250 million in a Fiscal Year. Interest revenue deposited in the fund does not count against the $250 million cap.

In 2007, the General Assembly enacted legislation authorizing the two existing licensed horse racing facilities in Indiana to install up to 2,000 slot machines on their premises. P.L. 233-2007 imposed a one-time license fee of $250 million per track and graduated wagering taxes in the amount of 25% of the first $100 million of adjusted gross receipts in a fiscal year, 30% of receipts between $100 million and $200 million, and 35% of receipts exceeding $200 million.

In 2011, the General Assembly enacted P.L 172-2011 that provides that the graduated slot machine wagering tax applies to 99% of the adjusted gross receipts received beginning July 1, 2012.

The license fee receipts were deposited in the Property Tax Reduction Trust Fund to fund homestead credits for calendar years 2007 and 2008. Until December 31, 2008, wagering taxes from the two licensed horse racing facilities were deposited in the Property Tax Reduction Trust Fund. Any remaining funds in the Property Tax Reduction Trust Fund were transferred to the General Fund. Beginning January 1, 2009, the wagering taxes are deposited in the General Fund.

Other Operating Revenue. Other revenue ("Other Revenue") is derived from cigarette taxes, alcoholic beverage taxes, inheritance taxes, insurance taxes, interest earnings and miscellaneous revenue. The current cigarette tax is $0.995 per pack.

Lottery and Gaming Revenue

By statute, certain revenue from the Hoosier Lottery, horse racing pari-mutuel wagering tax and charity gaming taxes and license fees (collectively, "Gaming Revenue") must be deposited in the BIF. Currently, the annual distributions of wagering tax revenue to the BIF is in the amount of $250 million per year less the annual amounts distributed to the BIF from Hoosier Lottery profits, charitable gaming taxes and license fees and pari-mutuel wagering taxes. Any revenue in excess of $250 million is to remain in the General Fund. For a description of wagering taxes, *see* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - General Fund Revenue Sources—Wagering Tax."

Before Hoosier Lottery profits are transferred to the BIF, $60 million annually is used to fund pension liabilities—$30 million goes to the Teachers' Retirement Fund and $30 million goes to the local Police and Firefighter Pension Fund. For Fiscal Year 2011, the Hoosier Lottery changed the revenue transfer schedule from quarterly to monthly, thus accelerating two months of profits transferred to state funds. As a result, $35 million was transferred to the Teachers' Retirement Fund and $35 million was transferred to the local Police and Fire Pension Fund (for a total of $70 million in Fiscal Year 2011). The Hoosier Lottery continued the monthly transfer schedule in Fiscal Year 2012 and plans to do so in future years. All lottery and gaming revenue deposited to BIF is appropriated by the General Assembly, and the statute that governs deposits of that revenue also governs priority of distribution in the event that revenue falls short of appropriations. At present, the highest distribution priority (after pension account transfers) is to the State's counties for motor vehicle excise tax replacement, providing a substantial cut in the excise tax charged on motor vehicles; $236.4 million was appropriated for Fiscal Year 2012.

As shown below, gaming revenue totaling $964.4 million was collected by the State in Fiscal Year 2012. These numbers include revenue deposited in the state and local funds but does not include riverboat admissions tax revenue distributed in Fiscal Year 2012 to state and local units in the amount of $75.1 million. The $747.7 million for wagering taxes includes $117.5 million in revenues from slot machine operations allowed at Indiana horse racing facilities under P.L. 233-2007.

Type of Tax	FY 2012
Wagering Taxes	$747.7
Lottery	$207.6
Charity Gaming	$5.6
Horse Racing	$3.1
Type II Gambling	$0.4
Total	$964.4

Source: State Budget Agency

P.L 233-2007, enacted in 2007, imposed a license fee and directed wagering taxes to be deposited in the State Property Tax Reduction Trust Fund. This fund was established to provide additional property tax relief to property owners. As part of the property tax reform legislation in P.L. 146-2008, the State Property Tax Reduction Trust Fund was eliminated on December 31, 2008. Any remaining funds were, and future wagering taxes will be, deposited in the General Fund. Beginning January 1, 2009, the wagering taxes are deposited in the General Fund.

Revenue History

Annual percentage changes for each component of Operating Revenue are reflected in Table 1. The table also includes actual revenue for prior Fiscal Years as well as projected revenue for Fiscal Year 2013.

Table 1
State Operating Revenue
(Millions of Dollars)

	FY 2007[1]	FY 2008[1]	FY 2009[1]	FY 2010[1]	FY 2011[1]	FY 2012[2]	FY 2013[2]
Sales Tax	5,379.1	5,686.0	6,153.2	5,914.7	6,217.5	6,621.8	6,864.6
Changes from Prior Year	2.92%	5.71%	8.22%	-3.88%	5.12%	6.50%	3.67%
Individual Income	4,615.6	4,837.5	4,313.8	3,875.6	4,585.6	4,765.5	5,084.0
Change from Prior Year	6.78%	4.81%	-10.83%	-10.16%	18.32%	3.92%	6.68%
Corporate Income[3]	987.1	909.5	839.0	592.2	704.8	958.8	784.9
Change from Prior Year	6.67%	-7.86%	-7.75%	-29.42%	19.01%	36.04%	-18.14%
Wagering Tax	625.3	582.9	608.2	658.9	660.3	614.1	567.1
Change from Prior Year	6.00%	-6.78%	4.34%	8.34%	0.21%	-7.00%	-7.65%
Other[4]	1,019.1	1,066.3	1,021.1	1,145.4	1,106.0	1,164.9	1,131.4
Change from Prior Year	2.28%	4.63%	-4.24%	12.17%	-3.44%	5.33%	-2.88%
Total[5][6]	12,626.2	13,082.2	12,935.3	12,186.7	13,274.2	14,125.1	14,432.0
Change from Prior Year	4.69%	3.61%	-1.12%	-5.79%	8.92%	6.41%	2.17%

(1) Actual, but unaudited, Operating Revenue.
(2) Revenues are as projected by the Technical Forecast Committee on December 14, 2011. Revenues exclude Disproportionate Share Hospital (DSH), Quality Assessment Fee (QAF), Hospital Assessment Fee (HAF), and other miscellaneous revenues excluded from the forecast such as Marion County Juvenile Arrearage payments and dedicated statewide cost allocation plan revenues.
(3) Corporate Income Tax collections were under-reported in FY 2007 through FY 2011 as the result of a programming error. The amounts listed above should be increased by $4.7 million for FY 2007, $29.6 million for FY 2008, $56.2 million for FY 2009, $58.3 million for FY 2010, and $139.2 million for FY 2011. This revenue is reflected in Table 4 as "Prior Year Corporate Income Tax (e-check).
(4) See "General Fund Revenue Sources – Other Operating Revenue
(5) "P.L. 146-2008, the Governor's property tax reform legislation, included the following revenue changes in Fiscal Year 2009: an increase in sales tax from 6% to 7% effective April 1, 2008; individual income impacted by state-captured miscellaneous revenues and increase in renter's deduction; wagering tax from slots at the race tracks; and loss of reimbursement for juvenile incarceration costs.
(6) Excluding P.L. 156-2008, total revenues increased by 2.4% in Fiscal Year 2008, and then decreased by 7.4% in Fiscal Year 2009. Excluding P.L. 146-2008, wagering tax revenues decreased by 6.4% in Fiscal Year 2009. Excluding P.L. 146-2008, other revenues decreased by 7.6%in Fiscal Year 2009.

Source: State Budget Agency

Operating Expenditures

Actual expenditures may differ from estimated levels as a result of a number of factors, including unforeseen expenses and executive and legislative action. The State's five largest expenditure categories (as of FY 2009) include local school aid, higher education, property tax relief, Medicaid and correction. Table 2 sets forth operating expenditures and estimates for all major expenditure categories for Fiscal Years 2007 through 2013.

Table 2
Expenditures
(Millions of Dollars)

	FY 2007(1)	FY 2008(1)	FY 2009(1)	FY 2010(1)	FY 2011(1)	FY 2012(2)	FY 2013(2)
Local School Aid(3)	4,628.8	4,795.6	5,673.1	7,147.2	7,249.0	7,269.4	7,452.7
Change from Prior Year	2.48%	3.60%	18.30%	25.98%	1.42%	0.28%	2.52%
Property Tax Relief(4)	2,211.6	2,346.4	1,660.0	0.0	0.0	0.0	0.0
Change from Prior Year	1.94%	6.10%	-29.25%	-100.00%	N/A	N/A	N/A
Higher Education(5)	1,589.8	1,704.8	1,756.3	1,711.7	1,703.1	1,691.1	1,701.7
Change from Prior Year	1.35%	7.23%	3.02%	-2.54%	-0.50%	-0.70%	0.63%
Medicaid(6)	1,514.6	1,583.2	1,321.8	1,259.9	1,436.0	1,856.4	2,023.8
Change from Prior Year	4.09%	4.53%	-16.51%	-4.68%	13.98%	29.28%	9.02%
Correction	589.2	615.7	634.8	652.4	647.5	638.3	672.4
Change from Prior Year	0.89%	4.50%	3.10%	2.77%	-0.75%	-1.42%	5.34%
Other(7)(8)	1,712.8	1,834.0	2,005.9	2,143.8	2,001.5	2,123.4	2,242.2
Change from Prior Year	7.04%	7.08%	9.37%	6.87%	-6.64%	6.09%	5.59%
Total	12,246.8	12,879.7	13,051.9	12,915.0	13,037.1	13,578.6	14,092.8
Change from Prior Year	2.96%	5.17%	1.34%	-1.05%	0.95%	4.15%	3.79%

(1) Actual, but unaudited, expenditures.
(2) Estimated expenditures.
(3) Fiscal Year 2009 figures exclude $536.4 million of Education Stabilization Funds provided under the American Recovery and Reinvestment Act (ARRA). Inclusion of these funds would result in a total of $6,209.5 million, an increase of 29.48% over Fiscal Year 2008, primarily attributable to P.L. 146-2008. Fiscal Year 2010 figures also exclude Education Stabilization Funds provided under AARA.
(4) P.L. 146-2008, the Governor's property tax reform legislation, replaced Property Tax Replacement Credits with the State assuming 100% of the Tuition Support Levy and various other local levies previously borne by local government.
(5) Higher education figures exclude federal stimulus finds provided under the ARRA; the vast majority of these funds have been distributed.
(6) Medicaid figures for Fiscal Years 2009, 2010, and 2011 exclude federal stimulus funds provided under the ARRA in the form of increased federal medical assistance percentages.
(7) P.L. 146-2008 also required the State to assume a number of local levies now included under "Other", such as the Family and Children Levy, the Children with Special Health Care Needs Levy, the State Fair Levy, the State Forestry Levy, and Public Safety Pensions costs.
(8) Figures exclude Automatic Taxpayer Refund and statutory distributions of "excess" reserves to various pension funds.

Source: State Budget Agency

Local School Aid. Funding for elementary and secondary education is the State's largest operating expense. Through December 31, 2008, local school aid was payable from both the General Fund and the Property Tax Replacement Fund ("PTR Fund"). With the enactment of P.L. 146-2008, the PTR Fund ceased to exist on December 31, 2008, and any remaining funds were transferred to the General Fund. Local school aid is payable from the General Fund only after December 31, 2008. See "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS – Governor's Property Tax Reform Legislation" for a summary of P.L. 146-2008.

Local school aid includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State's calendar year 1972 funding level as the base for local school aid.

Prior to January 1, 2003, the State provided approximately 66% of school corporations' general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State provided approximately 85% of the school corporations' general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the State assumed responsibility for the local share of tuition support and began providing 100% of the tuition support for school corporation general funds in January 2009. Also included in P.L. 146-2008 were Fiscal Year 2009 appropriations for new facilities appeals ($10 million), a preschool special education levy ($3 million), and circuit breaker replacement credits ($25 million), each of which were formerly paid by local property taxes.

Primarily due to the assumption of the local share of tuition support by the State, local school aid funding increased 18.3% for Fiscal Year 2009 on a statewide basis. These figures exclude $536.4 million of ARRA funds; including these funds would result in an increase of 29.5% for Fiscal Year 2009. General Fund expenditures for Fiscal Year 2010 were $7,147.2 million, excluding ARRA funds. Expenditures for local school aid from the General Fund for Fiscal Year 2011 were $7,249.0 million. General Fund expenditures for local school aid for Fiscal Year 2012 were $7,269.4 million. Estimated General Fund expenditures for local school aid for Fiscal Year 2013 are $7,452.7 million. These figures represent increases of 0.3% and 2.5% following an increase of 1.4% in Fiscal

Year 2011 for the General Fund (excluding ARRA funds). *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - Financial Results of Operations."

Property Tax Relief. Prior to 2009, spending for property tax relief primarily consisted of Property Tax Relief Credits ("PTR Credits") and the Homestead Credits. Prior to 2003, PTR Credits equaled 20% of property taxes charged excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Homestead Credits equaled 10% of property taxes charged on homesteads excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Appropriations for PTR Credits and Homestead Credits were made from the PTR Fund. A special legislative session in 2002 resulted in PTR Credits being increased, subject to appropriation, to 60% of property taxes imposed by school corporations for general fund purposes and 20% of all other property taxes excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Property taxes imposed on personal property were made ineligible to receive the 20% PTR Credits. During the same special legislative session, Homestead Credits were increased to 20%, subject to appropriation. These changes were effective January 1, 2003. Beginning with the Fiscal Years 2005-2007 biennium, the total amount of PTR Credits and Homestead Credits distributed in a Fiscal Year from the PTR Fund was limited to the amount distributed in Fiscal Year 2002 plus an amount equal to the increase in the State sales tax from 5.0% to 6.0% enacted during the 2002 special legislative session. HEA 1835-2007 established the Property Tax Reduction Trust Fund for the purpose of providing additional property tax relief payable solely from new revenues resulting from the operation of slot machines at horse racing tracks located within the state.

P.L. 146-2008 eliminated the appropriation for PTR Credits, replacing them with Homestead Credits and the State's assumption of 100% of the tuition support for school corporation general funds beginning in January 2009. P.L. 146-2008 provided for $690 million in Homestead Credits during the Fiscal Years 2007-2009 biennium.

Higher Education. Through the General Fund, the State supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana and Vincennes University. Higher education expenditures from the General Fund for Fiscal Year 2011 were $1,703.1 million, a decrease of 0.5% from Fiscal Year 2010. Expenditures for higher education from the General Fund for Fiscal Year 2012 were $1,691.1 million, a decrease of 0.7% from Fiscal Year 2011. Estimated expenditures for higher education from the General Fund are $1,701.7 million for Fiscal Year 2013. These figures exclude ARRA funds. Appropriations for higher education include university operating, university fee-replaced debt service, university line items, other higher education line items, university repair and rehabilitation, university capital projects, and State student aid. *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS -Financial Results of Operations."

Since Fiscal Year 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding student fee and building facilities fee bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, "Fee Replacement Appropriations"). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the State constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

Table 3 sets forth the aggregate principal amount of bonds and notes outstanding as of June 30, 2012, for each State university and college eligible for Fee Replacement Appropriations and the amount of Fee Replacement Expenditures for Fiscal Year 2012 and Fee Replacement Appropriations for Fiscal Year 2013.

Table 3
Schedule of Fee Replacement Debt

	Estimated Amount of Debt Outstanding June 30, 2012	Fiscal Year 2012 Fee Replacement Expenditures	Fiscal Year 2013 Fee Replacement Appropriations
Ball State University	$119,715,000	$14,028,860	$14,678,487
Indiana University	$411,423,344	$51,441,340	$48,295,727
Indiana State University	$62,859,308	$8,160,595	$8,906,871
Ivy Tech Community College	$285,600,000	$29,817,233	$30,805,687
Purdue University	$252,883,175	$29,009,414	$32,183,531
University of Southern Indiana	$82,001,544	$10,998,766	$12,134,116
Vincennes University	$39,828,125	$4,066,883	$4,869,491
Total	**$1,254,310,496**	**$147,523,092**	**$151,873,910**

(1) Includes its regional campuses other than Indiana University-Purdue University at Fort Wayne.
(2) Includes its regional campuses other than Indiana University-Purdue University at Indianapolis.
(3) Totals may not add due to rounding.

Source: State Budget Agency

Medicaid. Medicaid is a state/federal shared fiscal responsibility with the State supporting 32.94% of the total program through a combination of State General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining 67.06%. The federal share increased during Fiscal Years 2009, 2010, and 2011 as a result of the ARRA. For Fiscal Year 2010, State General Fund Medicaid expenditures totaled $1,259.9 million. In Fiscal Years 2011 and 2012, State General Fund Medicaid expenditures totaled $1,436.0 million and $1,856.4 million, respectively. Enrollment was estimated to be 998,156 at the end of Fiscal Year 2012 and is expected to reach 1,038,737 by the end of Fiscal Year 2013 (these figures exclude the Children's Health Insurance Program and the Healthy Indiana Program). Indiana's base federal reimbursement rate equaled 66.96% for the first quarter of Fiscal Year 2012 and 67.16% for the remaining three quarters of Fiscal Year 2012 and the first quarter of Fiscal Year 2013. State General Fund Medicaid appropriations for Fiscal Years 2012 and 2013 were set as $1,857.8 million and $2,023.8 million, respectively. All figures above exclude ARRA funds and only represent the State General Fund expenditures or appropriations.

Correction. Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as parole programs. Correction expenditures were $647.5 million for Fiscal Year 2011 and $638.3 million for Fiscal Year 2012. General Fund appropriations for Fiscal Year 2013 total $672.4 million.

Offender population is the most significant driver of Correction expenditures. The total offender population, including those in jail and contract beds, increased slightly to 28,915 in Fiscal Year 2012.

Other. The balance of State expenditures is composed of spending for a combination of other purposes, the principal ones being the costs of institutional care and community programs for persons with mental illnesses and developmental disabilities, the State's administrative operations, the State's share of public assistance payments, the General Fund share of State Police costs, economic development programs and General Fund expenditures for capital improvements. Other categories expenditures for Fiscal Year 2009 from the General Fund totaled $2,005.9 million, an increase of 9.4% over Fiscal Year 2008. This increase was attributable to a number of local levies assumed by the State under P.L. 146-2008, such as the Family and Children Levy, the Children with Special Health Care Needs Levy, the State Fair Levy, the State Forestry Levy, and Public Safety Pension costs. Other categories of General Fund expenditures totaled $2,143.8 million for Fiscal Year 2010 and $2,001.5 million for Fiscal Year 2011. Other categories of expenditures for Fiscal Year 2012 ($2,123.4 million) and Fiscal Year 2013 ($2,242.2 million) increase for a number of reasons including the full phasing-in of costs associated with the levies assumed by the State under P.L. 146-2008 and the complete phasing-out of ARRA funding.

Expenditure Limits. In 2002, the General Assembly enacted a law establishing a State spending cap. The law provides that the maximum annual percentage growth in State's spending cap from the General Fund and the PTR Fund must be the lesser of the average percentage change in Indiana non-farm personal income during the past six calendar years or 6%. At present, State expenditures are well below the spending cap. The law excludes expenditures from revenue derived from gifts, federal funds, dedicated funds, intergovernmental transfers, damage awards and property sales. Expenditures from the transfer of funds between the General Fund, the PTR Fund and the Rainy Day Fund, reserve fund deposits, refunds of intergovernmental transfers, State capital projects, judgments and settlements, distributions of specified State tax revenue to local governments and Motor Vehicle Excise Tax replacement payments are also exempt from the expenditure limit. The expenditure limit is applied to appropriations from the General Fund and Rainy Day Fund and, prior to 2009, the PTR Fund.

The law directs the Budget Agency to compute a new State spending growth quotient before December 31 in each even-numbered year. The State spending growth quotient is equal to the lesser of the six-year average increase in Indiana non-farm personal income or 6%. The legislation allows the State spending cap to be increased or decreased to account for new or reduced taxes, fees, exemptions, deductions or credits adopted after June 30, 2002. The Budget Agency computed the spending growth quotient for Fiscal Years 2012 and 2013 to be 2.4% and 2.8%, respectively.

Fund Balances

The State has four primary funds that build or hold unappropriated reserves: the Rainy Day Fund, the State Tuition Reserve, the Medicaid Reserve, and the General Fund. Each of these funds is described below.

Rainy Day Fund. In 1982, the General Assembly established the Counter-Cyclical Revenue and Economic Stabilization Fund, commonly called the "Rainy Day Fund." One of three primary funds into which general purpose tax revenue is deposited, the Rainy Day Fund is essentially a State savings account that permits the State to build up a fund balance during periods of economic expansion for use during periods of economic recession.

Each year the State Budget Director determines calendar year Adjusted Personal Income ("API") for the State and its growth rate over the previous year. In general, moneys are deposited automatically into the Rainy Day Fund if the growth rate in API exceeds 2.0% and moneys are withdrawn automatically from the Rainy Day Fund if API declines by more than 2.0%. An automatic withdrawal of $370.9 million from the Rainy Day Fund occurred in Fiscal Year 2010, and automatic deposits from the General Fund into the Rainy Day Fund occurred in Fiscal Years 2011 and 2012 ($53.5 million and $291.0 million, respectively.). In addition, the General Assembly has authorized money to be transferred from the Rainy Day Fund to the General Fund from time to time during periods of economic recession. The General Assembly has also authorized money in the Rainy Day Fund to be used to make loans to local governments from time to time. *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - Financial Results of Operations."

During a Fiscal Year when a transfer is made to the Rainy Day Fund, if General Fund revenue is less than estimated (and the shortfall cannot be attributed to a statutory change in the tax rate, tax base, fee schedules or revenue sources from which the revenue estimates were made), an amount reverts to the General Fund from the Rainy Day Fund equal to the lesser of (a) the amount initially transferred to the Rainy Day Fund during the Fiscal Year and (b) the amount necessary to maintain a positive balance in the General Fund for the Fiscal Year.

All earnings from the investment of the Rainy Day Fund balance remain in the Rainy Day Fund. Money in the Rainy Day Fund at the end of a Fiscal Year does not revert to the General Fund. If the balance in the Rainy Day Fund at the end of a Fiscal Year exceeds 7.0% of total General Fund revenue for the Fiscal Year, the excess is transferred from the Rainy Day Fund to the General Fund. *See* Table 4 for Rainy Day Fund balances.

State Tuition Reserve. The Tuition Reserve was a cash flow device intended to assure that the State had sufficient cash to make local school aid payments on time. Prior to each June 1, the Budget Agency estimated and established the Tuition Reserve for the ensuing Fiscal Year. *See* Table 4 for Tuition Reserve Fund balances. P.L. 146-2008 formally created the State Tuition Reserve Fund to which the balance of the Tuition Reserve was transferred and can only be used to make local school aid payments. An additional $50 million was deposited in the Tuition Reserve Fund on June 30, 2008, two-and-a-half years before the legislative deadline of December 31, 2010. The Budget Agency transferred $536.4 million from the General Fund to the State Tuition Reserve Fund on June 30, 2009, to support tuition support appropriations from the General Fund in Fiscal Year 2010 and Fiscal Year 2011. The Budget Agency ordered net transfers of $945.7 million from the State Tuition Reserve Fund to the General Fund during Fiscal Year 2010 to support tuition support appropriations.

Medicaid Reserve. In 1995, the General Assembly established the Medicaid Reserve and Contingency Account to provide a reserve to fund timely payments of Medicaid claims, obligations and liabilities. The Medicaid Reserve was designed to represent the estimated amount of obligations that were incurred, but remained unpaid, at the end of a Fiscal Year. The Budget Agency transferred $57.6 million from the Medicaid Reserve to the General Fund during Fiscal Year 2010 to support Medicaid obligations. *See* Table 4 for Medicaid Reserve Fund balances.

General Fund. The General Fund is the primary fund into which general purpose tax revenue, or Operating Revenue, is deposited or transferred. Prior to its repeal, the PTR Fund was often times combined with the General Fund to provide a more complete and accurate description of the State's Operating Revenue and discretionary spending, especially for local school aid and property tax relief.

With the enactment of P.L. 146-2008, the PTR Fund ceased to exist on December 31, 2008, and any remaining funds were transferred to the General Fund. See "FISCAL POLICIES - Fund Structure — Governmental Funds – Special Revenue Funds" and "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS –Property Tax Reform" for a summary of P.L. 146-2008.

Financial Results of Operations

The State closed Fiscal Year 2012 with combined balances of $1,803.4 million in the General Fund, which was 15.1% of that Fiscal Year's operating revenue.

Fiscal Year 2012 was highlighted by continued fiscal restraint and solid state revenue growth. The Governor caused approximately $316 million of reversions to the General Fund, following $1,124 million of reversions in Fiscal Year 2011.

Revenue Forecast for Fiscal Year 2013

The Forecast Committee last updated the forecast of State revenue for Fiscal Years 2012 and 2013 on December 14, 2011. Fiscal Year 2011 State revenue increased by $1,087.5 million (or 8.9%) over 2010 revenues and Fiscal Year 2012 revenue increased by $850.9 million (or 6.4%) over 2011 revenues. Revenue growth of 2.2% ($306.9 million) is projected for Fiscal Year 2013.

P.L. 146-2008 increased the sales tax from 6.0% to 7.0% effective April 1, 2008, as part of the property tax reform legislation. The increase generated $151.6 million in Fiscal Year 2008, and generated $879.0 million in Fiscal Year 2009. P.L. 146-2008 increased wagering tax collections for Fiscal Year 2009 to the General Fund by $62.8 million, caused by the elimination of the Property Tax Reduction Trust Fund on December 31, 2008. P.L. 146-2008 also increased "Other" collections for Fiscal Year 2009 by $25.8 million due to state captured miscellaneous revenues.

Combined Balance Statements

Table 4 sets forth the Budget Agency's unaudited end-of-year combined balance statements and estimates and projections, including revenue and other resources, expenditures and balances at the end of each Fiscal Year. For past Fiscal Years, the balances reflect actual revenue and other resources and expenses before adjustments to the modified accrual basis of accounting. As a result, the Budget Agency's "working" statements may differ from the results included in the 2011 Financial Report or the Auditor of State's comprehensive annual financial reports for other Fiscal Years. Forecasted revenue is developed by the Forecast Committee, and actual revenue may be higher or lower than forecasted. Estimates of other resources and uses were developed by the Budget Agency taking into account historical resources and appropriations as well as other variables, including the budget for Fiscal Year 2013.

Table 4
General Fund and Property Tax Replacement Fund
Combined Statement of Actual and Estimated Unappropriated Reserve
(Millions of Dollars)

	Actual FY2009	Actual FY2010	Actual FY2011	Estimated FY2012	Estimated FY2013[1]
Resources:					
Working Balance on July 1	592.5	54.9	830.7	1,124.3	1,803.4
Current Year Resources:					
Forecast Revenue	12,935.3	12,186.7	13,274.2	14,125.1	14,432.0
Miscellaneous Revenue	21.8	38.7	12.2	18.4	15.0
DSH Revenue	60.1	57.9	58.2	10.1	-
Hospital Assessment Fee	-	-	-	154.1	170.0
Quality Assessment Fee	34.4	33.3	39.6	23.6	59.2
Prior Year Corporate Income Tax (E-check)	-	-	-	288.0	-
2012 Outside Acts	-	-	-	-	-13.3
FY 2011 LOIT Adjustment	-	-	-	-70.6	-
Transfer from Medicaid Reserve to General Fund	-	57.6	-	-	-
Transfer from Rainy Day Fund to General Fund	-	370.9	-	-	-
Transfer from General Fund to Rainy Day Fund	-	-	-53.5	-291.0	-
Transfer from General Fund to State Tuition Reserve	-536.4	-73.6	-	-	-
Transfer from State Tuition Reserve to General Fund	-	1,019.3	-	-	-
Total Current Year Resources	12,515.2	13,690.8	13,330.7	14,257.7	14,662.9
Total Resources	13,107.7	13,745.7	14,161.4	15,382.0	16,466.3
Uses: Appropriations, Expenditures and Reversions:					
Appropriations					
Budgeted Appropriations	14,549.5	13,571.4	14,113.0	13,980.7	14,317.6
2012 Session: As Passed Appropriations	-	-	-	6.0	19.6
Enrolled Acts 2008 (excluding P.L. 146-2008)	4.9	-	-	-	-
Total Appropriations	14,554.4	13,571.4	14,113.0	13,986.7	14,337.2
Other Expenditures and Transfers					
Augmentations and Expenditure Adjustments[2]	27.7	125.8	33.5	17.7	99.5
Local Option Income Tax Distributions	8.7	11.6	1.6	-	-
PTRC and Homestead Credit Adjustments	-23.5	26.2	-14.0	-11.2	-
Adjustment for Stadium/Convention Center Appropriation	-	-40.0	-42.0	-112.1	-111.0
Judgments and Settlements(3)	5.3	4.7	8.0	13.5	8.7
HEA 1072 Loans (Net of Repayments)	-	-	-	-	6.1
Statutory Distribution to Pension Stabilization Fund	-	-	-	-	360.6
Automatic Taxpayer Refund	-	-	-	-	360.6
Total Appropriations and Expenditures	14,572.6	13,699.7	14,100.1	13,894.6	15,061.7
Payment Delays					
Property Tax Replacement Credit	-105.5	-	-	-	-
Reversions	-1,414.2	-784.7	-1,063.0	-316.0	-247.7
Total Net Uses	13,052.9	12,915.0	13,037.1	13,578.6	14,814.0
General Fund Reserve Balance at June 30	54.9	830.7	1,124.3	1,803.4	1,652.2
Reserved Balances					
Medicaid Reserve	57.6	0.0	0.0	0.0	0.0
Tuition Reserve	941.7	0.0	0.0	0.0	0.0
Rainy Day Fund[4]	365.2	0.0	57.2	351.6	355.1

Total Combined Balances	**<u>1,419.4</u>**	**<u>830.7</u>**	**<u>1,181.5</u>**	**<u>2,155.0</u>**	**<u>2,007.3</u>**
Payment Delay Liability	0.0	0.0	0.0	0.0	0.0
Combined Balance as a Percent of Operating Revenue	10.9%	6.7%	8.8%	15.0%	13.7%

(1) Revenues are those projected by the Technical Forecast Committee on December 14, 2011; appropriations are those authorized by the 2011 General Assembly for Fiscal Year 2013.
(2) Adjustments to appropriations by augmentation, transfer and open-ended appropriations and other reconciling adjustments made as part of the end-of-Fiscal Year closing process are shown in total.
(3) Represents the estimated cost to the State of judgments and other legal and equitable claims. No reserve fund is established for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from appropriations or balances. *See* "LITIGATION."
(4) Net of outstanding loans to local governments. The loans are authorized by the General Assembly and are illiquid.

Source: State Budget Agency

Toll Road Lease

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Indiana Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company LLC was signed in April 2006 and the transaction was closed on June 29, 2006. Shortly after the closing, the revenues from the lease, $3.8 billion (net of expenses and the bond repayments), were transferred to a trust fund and are being used to fund nearly 200 statewide transportation and economic growth projects throughout the State.

STATE INDEBTEDNESS

Constitutional Limitations on State Debt

Under Article X, Section 5 of the State constitution, the State may not incur indebtedness except: to meet casual deficits in revenue; to pay interest on State debt; or to repel invasion, suppress insurrection or, if hostilities are threatened, to provide for the public defense. The State has no indebtedness outstanding under the State constitution. *See* "FISCAL POLICIES—State Board of Finance."

Other Debt, Obligations

Substantial indebtedness anticipated to be paid from State appropriations is outstanding, however, together with State university and college debt and what are described below as "contingent obligations." In addition, the commissions and authorities described below may issue additional debt or incur other obligations from time to time to finance additional facilities or projects or to refinance such facilities or projects. The type, amount and timing of such additional debt or other obligations are subject to a number of conditions that cannot be predicted at present. *See* "STATE INDEBTEDNESS - Obligations Payable from Possible State Appropriations—Authorized but Unissued Debt."

In 2005, the General Assembly enacted legislation establishing the Indiana Finance Authority, a body politic and corporate, separate from the State. The Indiana Finance Authority is required, after consulting with the Treasurer of State, the Indiana Bond Bank (the "Bond Bank"), the Budget Agency and the Indiana Commission for Higher Education, to establish and periodically update a State debt management plan.

Obligations Payable from Possible State Appropriations

The General Assembly has created certain financing entities, including the Indiana Finance Authority and the Indiana Bond Bank, each of which is a body politic and corporate, separate from the State. These financing entities have been granted the authority to issue revenue bonds and other obligations to finance various capital projects. Certain agencies of the State, including the Department of Administration, the Department of Transportation, the Department of Natural Resources and the Indianapolis Airport Authority (under an agreement with the State), have entered into use and occupancy agreements or lease agreements with the financing entities. Lease rentals due under the agreements are payable primarily from possible appropriations of State funds by the General Assembly. However, there is and can be under State law no requirement for the General Assembly to make any such appropriations for any facility in any Fiscal Year. No trustee or holder of any revenue bonds issued by any such financing entity may legally compel the General Assembly to make any such appropriations. Revenue bonds issued by any of the financing entities do not constitute a debt, liability, or pledge of the faith and credit of the State within the meaning of any constitutional provision or limitation. Such use and occupancy agreements, lease agreements and other obligations do not constitute indebtedness of the State within the meaning or application of any constitutional provision or limitation. Following is a description of the entities that have issued bonds and the projects that have been financed with the proceeds and which are subject to use and occupancy agreements or lease agreements.

Indiana Finance Authority. Before 2005, there had been numerous bodies corporate and politic of the State, each with separate decision making and borrowing authority, that issued bonds and otherwise accessed the financial markets. On May 15, 2005, to provide economic efficiencies and management synergies and to enable the State to communicate, with a single voice, with the various participants in the financial markets, the Indiana Development Finance Authority, the State Office Building Commission, the Indiana Transportation Finance Authority, the Recreational Development Commission, the State Revolving Fund Programs, and the Indiana Brownfields Program were consolidated into the Indiana Finance Authority. Effective July 1, 2007, the Indiana Health and Educational Facility Financing Authority was also merged into the Indiana Finance Authority. As the successor entity, the Indiana Finance Authority has assumed responsibility for the financing of certain buildings, highways, aviation facilities and recreation facilities.

For a description of other powers and responsibilities of the Indiana Finance Authority, including its authority to issue other debt, *see* "STATE INDEBTEDNESS - Contingent Obligations" and Table 8.

Buildings. The Indiana Finance Authority is authorized (and its predecessor, the State Office Building Commission, had been authorized) to issue revenue bonds, payable from lease rentals under use and occupancy agreements with various State agencies, to finance or refinance the cost of acquiring, constructing or equipping buildings, structures, improvements or parking areas for the purpose of (a) housing the personnel or activities of State agencies or branches of State government; (b) providing parking for State employees or persons having business with State government; (c) providing buildings, structures or improvements for the custody, care, confinement or treatment of committed persons under the supervision of the State Department of Correction; (d) providing buildings, structures or improvements for the care, maintenance or treatment of persons with mental or addictive disorders; (e) providing buildings, structures or improvements for the care, maintenance or treatment of adults or children with mental illness, developmental disabilities, addictions or other medical or rehabilitative needs; or (f) providing the infrastructure of a State-wide wireless public safety communications system. Lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—STATE BUILDINGS."

The Indiana Finance Authority has the authority to provide (and its predecessor, the State Office Building Commission, had provided) short-term, or construction, financing for authorized projects through the issuance of commercial paper payable from proceeds of its revenue bonds. As of June 30, 2012, there is no commercial paper outstanding.

Highways. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from lease rentals under lease agreements with the Indiana Department of Transportation, to finance or refinance the cost of construction, acquisition, reconstruction, improvement or extension of the State's highways, bridges, streets, roads or other public ways. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—HIGHWAY REVENUE BONDS."

In 2005, legislation was enacted that authorizes the Indiana Finance Authority to issue grant anticipation revenue bonds to finance highway projects eligible for federal highway revenues. However, none have been issued to date.

Aviation Facilities. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance improvements related to airports or aviation-related property or facilities.

Pursuant to this authority, the Indiana Transportation Finance Authority issued its revenue bonds to finance and refinance (a) improvements related to an airport and aviation-related property and facilities at the Indianapolis International Airport and (b) an aviation technology center at the Indianapolis International Airport. The bonds are payable from lease rentals under lease agreements with the Indianapolis Airport Authority. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—AVIATION FACILITIES."

Recreation Facilities. The Indiana Finance Authority is authorized (and its predecessor, the Recreational Development Commission, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance the costs of the acquisition, construction, renovation, improvement or equipping of facilities for the operation of public parks.

Pursuant to this authority, the Recreational Development Commission issued its revenue bonds to finance and refinance the costs of acquisition, construction, renovation, improvement and equipping of various lodging and other facilities for public parks in the State. The bonds are payable from lease rentals under use and occupancy agreements with the State's Department of Natural Resources or the Indiana State Museum and Historic Sites Corporation. The lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—RECREATIONAL FACILITIES."

Bond Bank. The Bond Bank issued its revenue bonds, payable from possible State appropriations, to finance or refinance certain State interests or initiatives, including the State's Animal Disease and Diagnostic Laboratory ("ADDL") at Purdue University, West Lafayette, and the Columbus Learning Center ("CLC"), an educational facility to be used by a number of State post-secondary educational institutions to provide services in South Central Indiana. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—BOND BANK" and "Table 8—Schedule of Long Term Debt—Contingent Obligations—BOND BANK Special Program Pool." For a description of other powers and responsibilities of the Bond Bank, including its authority to issue other debt, *see* "STATE INDEBTEDNESS - Contingent Obligations—Indiana Bond Bank" and "Table 8—Schedule of Long Term Debt—Contingent Obligations – BOND BANK Special Program Pool.

Schedule of Long Term Debt. Table 5 lists, by type of financing, long-term debt that is subject to possible State appropriations as of June 30, 2012. *See* "Authorized but Unissued Debt" and "Table 3 – Schedule of Fee Replacement Debt" for related debt that is subject to possible State appropriations.

Table 5
Schedule of Long Term Debt
Obligations Payable from Possible State Appropriations

Type/Series	Original Par Amount	Ending Balance 6/30/2011	(Redeemed)/ Issued	Ending Balance 6/30/12
STATE BUILDINGS				
Forensic & Health Sciences Lab				
Series 2006A	$62,900,000	$56,565,000	($2,285,000)	$54,280,000
Subtotal	$62,900,000	$56,565,000	($2,285,000)	$54,280,000
Government Center Parking Facilities				
Series 1990A	$26,669,824	$6,325,000	$0	$6,325,000
Series 2003A	26,735,000	7,875,000	(5,310,000)	2,565,000
Series 2012E	1,455,000	0	1,455,000	1,455,000
Series 2012F	475,000	0	475,000	475,000
Subtotal	$55,334,824	$14,200,00	($3,380,000)	$10,820,000
Government Center North				
Series 1990B	$77,123,542	$19,620,000	$0	$19,620,000
Series 2003B	73,205,000	37,830,000	(15,135,000)	22,695,000
Series 2012G	8,835,000	0	8,835,000	8,835,000
Subtotal	$159,163,542	$57,450,000	($6,300,000)	$51,150,000
Government Center South				
Series 1990C	$18,063,800	$4,285,000	$0	$4,285,000
Series 1990D	110,675,000	10,505,000	(10,505,000)	0

Series 2003C	7,835,000	3,920,000	(1,570,000)	2,350,000
Series 2008B	13,725,000	13,725,000	0	13,725,000
Series 2012H	900,000	0	900,000	900,000
Subtotal	$151,198,800	$32,435,000	($11,175,000)	$21,260,000
Other Facilities				
Series 1995B	$47,975,000	$15,320,000	($2,180,000)	$13,140,000
Series 2002A	128,110,000	34,690,000	(28,400,000)	6,290,000
Series 2003A	83,530,000	30,905,000	(22,910,000)	7,995,000
Series 2003B	31,930,000	25,680,000	(10,070,000)	15,610,000
Series 2003C	55,075,000	51,350,000	(1,695,000)	49,655,000
Series 2003D	20,475,000	14,955,000	(315,000)	14,640,000
Series 2004A	46,180,000	41,130,000	(5,035,000)	36,095,000
Series 2004B	61,890,000	61,890,000	0	61,890,000
Series 2004C	33,950,000	33,950,000	(10,000)	33,940,000
Series 2004D	33,995,000	30,565,000	(1,225,000)	29,340,000
Series 2004E	57,005,000	51,315,000	(2,040,000)	49,275,000
Series 2008A	29,715,000	27,320,000	(1,965,000)	25,355,000
Series 2008C	53,035,000	50,395,000	(2,305,000)	48,090,000
Series 2009A	47,360,000	45,975,000	(6,640,000)	39,335,000
Series 2009B	13,825,000	13,825,000	0	13,825,000
Series 2011A	20,730,000	0	20,730,000	20,730,000
Series 2011B	18,365,000	0	18,365,000	18,365,000
Series 2011C	8,410,000	0	8,410,000	8,410,000
Energy Savings Lease 2011	24,081,196	0	24,081,196	24,081,196
Energy Savings Lease 2012	17,947,331	0	17,947,331	17,947,331
Subtotal	$833,583,528	$529,265,000	$4,743,528	$534,008,528
TOTAL STATE BUILDINGS	$1,262,180,694	$689,915,000	($18,396,472)	$671,518,528
HIGHWAY REVENUE BONDS				
Series 1990A	$72,498,391	$22,605,000	($5,070,000)	$17,535,000
Series 1992A	74,035,000	31,180,000	(4,380,000)	26,800,000
Series 1993A	193,531,298	66,946,298	(11,705,000)	55,241,298
Series 1998A	175,360,000	34,490,000	0	34,490,000
Series 2003A	433,155,000	27,815,000	(13,465,000)	14,350,000
Series 2004B	147,345,000	147,345,000	0	147,345,000
Series 2004C	146,080,000	143,365,000	(9,085,000)	134,280,000
Series 2007A	642,300,000	619,005,000	(1,030,000)	617,975,000
Series 2010A	74,040,000	74,040,000	0	74,040,000
TOTAL HIGHWAYS	$1,958,344,689	$1,166,791,298	($44,735,000)	$1,122,056,298
AVIATION FACILITIES				
Airport Facilities Bonds				
Series 2008A	$127,655,000	$127,655,000	($8,520,000)	$119,135,000
Subtotal	$127,655,000	$127,655,000	($8,520,000)	$119,135,000
Aviation Technology Bonds				
Series 2002	$10,095,000	$5,625,000	($5,625,000)	$0
Series 2012K	4,800,000	0	4,800,000	4,800,000
Subtotal	$14,895,000	$5,625,000	($825,000)	$4,800,000
TOTAL AVIATION FACILITIES	$142,550,000	$133,280,000	($9,345,000)	$123,935,000
RECREATIONAL FACILITIES				
Series 1997	$6,600,000	$3,340,000	($3,340,000)	$0
Series 2002	14,400,000	9,650,000	(9,650,000)	0
Series 2004	12,780,000	10,420,000	(10,420,000)	0
Series 2012I	23,485,000	0	23,485,000	23,485,000
Series 2012J	5,505,000	0	5,505,000	5,505,000
TOTAL RECREATIONAL FACILITIES	$62,770,000	$23,410,000	($5,580,000)	$28,990,000
TOTAL ALL BONDS	**$3,425,845,383**	**$2,013,396,298**	**($66,896,472)**	**$1,946,499,825**

Source: Indiana Finance Authority (as of June 30, 2012). Excludes accreted value of capital appreciation bonds.

Scheduled Principal and Interest Payments. Table 6 lists principal and interest payments payable from possible State appropriations (not including debt that has been defeased) as of June 30, 2012. *See* "Authorized but Unissued Debt" and "Table 3 – Schedule of Fee Replacement Debt" for related debt that is subject to possible State appropriations.

Table 6
Scheduled Principal and Interest Payments
Obligations Payable from Possible State Appropriations

Type/Series	FY 2013	FY2014	FY2015	FY2016	Thereafter
STATE BUILDINGS					
Forensic & Health Sciences Lab					
Series 2006A	$4,808,265	$4,806,365	$4,794,190	$4,791,040	$57,265,820
Subtotal	$4,808,265	$4,806,365	$4,794,190	$4,791,040	$57,265,820
Government Center Parking Facilities					
Series 1990A	$468,050	$2,355,530	$2,350,125	$2,343,620	$0
Series 2003A	1,134,025	1,130,544	434,031	0	0
Subtotal	$1,602,075	$3,486,074	$2,784,156	$2,343,620	$0
Government Center North					
Series 1990B	$1,451,880	$7,306,920	$7,290,350	$7,269,370	$0
Series 2003B	8,091,615	8,085,615	8,100,495	0	0
Subtotal	$9,543,495	$15,392,535	$15,390,845	$7,269,370	$0
Government Center South					
Series 1990C	$317,090	$1,597,880	$1,590,945	$1,586,610	$0
Series 2003C	836,913	830,725	832,319	0	0
Series 2008B	14,068,125	0	0	0	0
Subtotal	$15,258,253	$2,464,730	$2,423,264	$1,586,610	$0
Other Facilities					
Series 1995B	$3,068,750	$3,064,219	$3,060,313	$3,058,563	$3,040,344
Series 2002A	6,451,613	0	0	0	0
Series 2003A	4,091,420	4,101,245	147,973	0	0
Series 2003B	2,543,436	2,541,798	2,541,798	2,098,319	12,543,188
Series 2003C	4,239,813	4,186,563	4,151,913	4,095,513	49,010,106
Series 2003D	1,021,038	1,032,938	1,019,338	1,005,738	16,325,306
Series 2004A	7,031,519	7,022,363	7,013,375	7,003,769	13,991,519
Series 2004B	3,249,225	9,169,625	9,731,669	9,720,375	46,993,931
Series 2004C	1,813,455	1,881,206	5,708,450	5,491,481	29,239,219
Series 2004D	2,657,188	2,648,563	2,647,638	2,643,463	31,598,019
Series 2004E	4,486,438	4,473,913	4,479,594	4,470,025	53,330,838
Series 2008A	3,688,238	3,639,363	3,604,763	3,541,538	16,561,281
Series 2008C	5,761,138	5,775,638	5,673,388	5,664,638	39,878,906
Series 2009A	1,799,600	2,204,225	9,247,350	9,239,725	25,587,250
Series 2009B	7,462,625	7,052,000	0	0	0
Series 2011A	962,450	1,571,300	1,092,975	1,092,800	25,165,550
Series 2011B	906,400	955,900	954,650	1,315,500	23,530,950
Series 2011C	419,300	429,200	429,000	433,675	9,723,925
Energy Savings Lease 2011	4,512,311	4,512,311	4,512,311	4,512,311	7,020,371
Energy Savings Lease 2012	0	965,083	2,035,385	2,035,385	15,265,388
Subtotal	$66,165,953	$67,227,449	$68,051,878	$67,422,815	$418,806,091
TOTAL STATE BUILDINGS	$97,378,041	$93,377,152	$93,444,333	$83,413,455	$476,071,911
HIGHWAY REVENUE BONDS					
Series 1990A	$6,716,288	$6,711,525	$6,708,488	$0	$0
Series 1992A	6,343,280	6,324,500	6,318,450	6,308,260	6,302,230
Series 1993A	14,437,213	14,462,263	14,471,875	21,190,000	48,695,000
Series 1998A	1,896,950	1,896,950	1,896,950	1,896,950	44,101,525
Series 2003A	15,080,088	0	0	0	0
Series 2004B	8,192,175	8,192,175	23,334,000	22,540,863	137,257,150
Series 2004C	13,289,613	23,408,488	12,087,888	12,080,838	129,881,206
Series 2007A	28,574,133	28,578,933	28,578,289	28,577,245	863,898,207
Series 2010A	4,976,850	10,282,850	7,585,050	7,269,050	67,491,475
TOTAL HIGHWAYS	$99,506,588	$99,857,683	$100,980,989	$99,863,205	$1,297,626,794
AVIATION FACILITIES					
Airport Facilities Bonds					

Series 2008A	$21,488,500	$21,038,125	$20,570,000	$20,098,750	$57,304,500
Subtotal	$21,488,500	$21,038,125	$20,570,000	$20,098,750	$57,304,500
Aviation Technology Bonds					
Series 2012K	$865,424	$860,550	$867,600	$863,900	$1,731,450
Subtotal	865,424	860,550	867,600	863,900	1,731,450
TOTAL AVIATION FACILITIES	$121,860,512	$121,756,358	$122,418,589	$120,825,855	$1,356,662,744
RECREATIONAL FACILITIES					
Series 2012I	$2,295,766	$2,592,325	$2,627,625	$2,652,125	$20,257,000
Series 2012J	194,857	772,047	787,602	801,752	3,323,328
TOTAL RECREATIONAL FACILITIES	$2,490,623	$3,364,372	$3,415,227	$3,453,877	$25,580,328
TOTAL ALL BONDS	**$221,729,176**	**$218,497,882**	**$219,278,150**	**$207,693,187**	**$1,856,314,982**

Source: Indiana Finance Authority (as of June 30, 2012)

Table 7
Ratios of Outstanding Debt Subject to Possible Appropriation to Population and Personal Income

Fiscal Year	Population(1)	Personal Income(1)(2)	Outstanding Debt Subject to Appropriation(2)	Debt/Capita	Debt/Income
2002	6,149,007	175,398	1,713	279	1.0%
2003	6,181,789	182,817	1,747	283	1.0%
2004	6,214,454	190,329	2,467	397	1.3%
2005	6,253,120	195,590	2,518	403	1.3%
2006	6,301,700	206,959	2,460	390	1.2%
2007	6,346,113	213,875	2,466	389	1.2%
2008	6,388,309	220,670	2,362	370	1.1%
2009	6,423,113	220,670	2,245	350	1.0%
2010	6,483,802	226,561	2,137	330	0.9%
2011	6,516,922	230,715	2,013	309	0.9%

(1) Estimated.
(2) In millions.

Source: Population: United States Census Bureau, July 2012. Personal Income: United States Department of Commerce, Bureau of Economic Analysis. Outstanding Debt: Indiana Finance Authority.

Authorized but Unissued Debt. The General Assembly has authorized the Indiana Finance Authority (as successor to the State Office Building Commission) to issue bonds to finance additional State facilities, including:

(a) Two additional regional mental health facilities;
(b) State-wide wireless public safety communications network; and
(c) Parking facilities in the area of the state capitol complex.

In addition, legislation was enacted in 2005 that authorizes the Indiana Finance Authority to provide funds for research and technology grants and loans.

The Indiana Finance Authority may initially provide short-term, or construction, financing for these facilities through its commercial paper program. As of June 30, 2012, no commercial paper was outstanding.

See "STATE INDEBTEDNESS – Contingent Obligations – Economic Development" for a description of the revenue bonds the Indiana Finance Authority has issued for the Stadium and Convention Center expansion projects.

The Indiana Finance Authority monitors refinancing opportunities for its bonds and may issue refunding bonds to restructure outstanding indebtedness or achieve debt service savings.

Contingent Obligations

Certain State-authorized entities, including the Bond Bank and Indiana Finance Authority, may issue obligations that, in certain circumstances, may require the entity to request an appropriation from the General Assembly to fund debt service on the obligations. The General Assembly is not required to make any such appropriations. Such obligations do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

In 2005, legislation was enacted that requires review by the Budget Committee and approval by the Budget Director of (a) the issuance by the Bond Bank or the Indiana Finance Authority of any indebtedness that establishes a procedure for requesting an appropriation from the General Assembly to restore a debt service or other fund to required levels or (b) the execution by the Indiana Bond Bank or the Indiana Finance Authority of any other agreement that creates a moral obligation of the State to pay any indebtedness issued by the Indiana Bond Bank or the Indiana Financing Authority.

Bond Bank. The Bond Bank, a body corporate and politic, is not a State agency and is separate from the State in both its corporate and sovereign capacity. The Bond Bank has no taxing power. The Bond Bank is empowered to issue bonds or notes, payable solely from revenue and funds that are specifically allocated for such purpose, and loan the proceeds therefrom to local governments and other qualified entities.

To assure maintenance of the required debt service reserve in any reserve fund established for Bond Bank bonds or notes, the General Assembly may, but is not obligated to, appropriate to the Bond Bank for deposit in any such reserve funds the sum that is necessary to restore any such reserve funds to the required debt service reserve.

Bonds or notes issued by the Bond Bank for which such a debt service reserve is established are considered "moral obligation bonds." However, bonds issued by the Bond Bank do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the State constitution. Particular sources are designated for the payment of and security for bonds issued by the Bond Bank, and a debt service reserve fund restoration appropriation would only be requested in the event that the particular designated sources were insufficient.

The total amount of bonds and notes which the Bond Bank may have outstanding at any one time (except bonds or notes issued to fund or refund bonds or notes) is limited to $1.0 billion plus (a) up to $200 million for certain qualified entities that operate as rural electric membership corporations or as corporations engaged in the generation and transmission of electric energy and (b) up to $30 million for certain qualified entities that operate as telephone cooperative corporations. However, these limits do not apply to bonds or notes not secured by a reserve fund eligible for State appropriations.

For a list of Bond Bank bonds secured by a reserve fund eligible for State appropriations, *see* "Table 8—Schedule of Long Term Debt—Contingent Obligations—BOND BANK Special Program Pool."

Toll Road*.* The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from tolls and other revenues derived from the ownership and operation of toll roads, to finance or refinance the cost of any toll road projects.

Pursuant to this authority, the Indiana Transportation Finance Authority and its predecessors issued their revenue bonds (the "Toll Road Bonds") to finance and refinance the construction and improvement of the 157-mile Indiana East-West Toll Road (the "Toll Road") in northern Indiana, which links the Chicago Skyway and the Ohio Turnpike. These bonds were redeemed on June 29, 2006, and are no longer outstanding.

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company LLC was signed in April 2006, and the transaction was closed on June 29, 2006. On June 29, 2006 a portion of the $3.8 billion in revenues from the lease was applied to pay off all of the Toll Road Bonds. See "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS—Toll Road Lease."

Economic Development. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Development Financing Authority, had been authorized) to issue revenue bonds to finance or refinance (a) industrial development projects, rural development projects, mining operations, international exports and agricultural operations; (b) educational facility projects; (c) farming and agricultural enterprises; (d) environmental pollution prevention and remediation; (e) child care facilities; and (f) broadband development projects.

Pursuant to this authority, the Indiana Finance Authority (and its predecessor, the Indiana Development Finance Authority) issued its revenue bonds to finance and refinance a wide variety of projects. The bonds are payable solely from the revenues pledged thereto, are not in any respect a general obligation of the State and are not payable in any manner from revenue raised by taxation.

The Indiana Finance Authority is authorized to issue revenue bonds and loan the proceeds thereof to the Indiana Stadium and Convention Building Authority for the purpose of financing the acquisition and construction of a stadium and the expansion of a convention center in Indianapolis. The legislation authorizes the Indiana Stadium and Convention Building Authority to lease such capital improvements to a State agency pursuant to a lease, which requires the State agency: (1) to seek biennial appropriations from the General Assembly in an amount sufficient to pay rent equal to the debt service due on such bonds, only if: (a) the amount of such rent is fair and reasonable; and (b) such capital improvements are available for use and occupancy; and (2) to pay, from such appropriated amounts, rent sufficient to pay such debt service, only if certain local tax revenues expected to satisfy debt service are insufficient. In addition, the Indiana Finance Authority, in connection with the issuance of such revenue bonds, may establish a debt service reserve fund and a procedure for requesting appropriations from the General Assembly to restore the debt service reserve fund to required levels. The Indiana Finance Authority has issued $666,525,000 of such revenue bonds for the stadium project, which was substantially complete and ready for use and occupancy in August 2008. The Indiana Finance Authority has issued $329,230,000 of such revenue bonds for the convention center expansion project, which was completed in January 2011.

In addition, legislation was authorized by the Indiana Finance Authority to issue up to $1.0 billion of its revenue bonds, payable from the revenues pledged thereto, to provide funds for research and technology grants and loans. The Indiana Finance Authority may establish a debt service fund or reserve fund for the bonds, to which the General Assembly may, if requested, appropriate funds necessary to pay debt service or restore the required debt service reserve. As of June 30, 2012, no such revenue bonds have been issued.

Schedule of Long Term Debt. Table 8 lists the long term debt classified as contingent obligations that was outstanding on June 30, 2012. Debt classified as a contingent obligation is debt for which the issuing entity has agreed to, under certain circumstances, request an appropriation from the General Assembly to replenish a debt service reserve fund, or, in the case of the stadium and convention center debt, to pay rent sufficient to pay debt service only if certain local tax revenues expected to satisfy debt service are insufficient.

Table 8
Schedule of Long Term Debt
Contingent Obligations

Type/Series	Original Par Amount	Ending Balance 6/30/2011	(Redeemed)/ Issued	Ending Balance 6/30/12
BOND BANK Special Program Pool				
Series 2002A	42,910,000	32,430,000	(1,555,000)	30,875,000
Series 2002C	3,940,000	730,000	(215,000)	515,000
Series 2002D	60,000,000	1,550,000	(1,550,000)	0
Series 2002E	10,155,000	7,805,000	(490,000)	7,315,000
Series 2003A	40,385,000	35,985,000	(975,000)	35,010,000
Series 2003B	8,885,000	5,460,000	(495,000)	4,965,000
Series 2003C	10,425,000	3,615,000	(475,000)	3,140,000
Series 2003D(1) (CLC)	27,515,000	25,280,000	(1,310,000)	23,970,000
Series 2003E	36,530,000	31,905,000	(31,905,000)	0
Series 2003F-1	17,155,000	7,585,000	(825,000)	6,760,000
Series 2004A	17,210,000	13,035,000	(13,035,000)	0
Series 2004B	17,590,000	12,335,000	(925,000)	11,410,000
Series 2004C	35,010,000	31,170,000	(950,000)	30,220,000
Series 2004D	29,275,000	21,780,000	(1,575,000)	20,205,000

Series 2005A	14,790,000	11,205,000	(560,000)	10,645,000
Series 2005C	11,160,000	9,110,000	(455,000)	8,655,000
Series 2005D	4,505,000	3,950,000	(150,000)	3,800,000
Series 2006B-1	12,400,000	11,420,000	(265,000)	11,155,000
Series 2006B-2	2,890,000	2,020,000	(300,000)	1,720,000
Series 2006A (Ref)	26,485,000	20,755,000	(1,205,000)	19,550,000
Series 2006C[1]	20,660,000	18,475,000	(1,185,000)	17,290,000
Series 2006D	13,985,000	10,015,000	(795,000)	9,220,000
Series 2007A (Ref)	44,915,000	44,915,000	0	44,915,000
Series 2008D-1	4,265,000	3,390,000	0	3,390,000
Series 2008D-2	1,795,000	1,795,000	0	1,795,000
Series 2009A	75,000,000	70,385,000	(2,555,000)	67,830,000
Series 2009C-1	22,235,000	21,680,000	(570,000)	21,110,000
Series 2009C-2(Taxable)	1,790,000	1,710,000	(85,000)	1,625,000
Series 2009D	52,000,000	49,960,000	(1,785,000)	48,175,000
Series 2010 Multi-purpose A-1	8,595,000	7,665,000	(865,000)	6,800,000
Series 2010 Multi-purpose A-2(Taxable)	6,395,000	4,820,000	(1,485,000)	3,335,000
Series 2010 Multi-purpose A-3	770,000	770,000	(20,000)	750,000
Series 2011A Ref	29,140,000	0	28,825,000	28,825,000
Series 2012A	3,880,000	0	3,880,000	3,880,000
TOTAL BOND BANK	$714,640,000	$524,705,000	($35,855,000)	$488,850,000
INDIANA FINANCE AUTHORITY				
Stadium Project Series 2005A	$400,000,000	$400,000,000	$0	$400,000,000
Stadium Project Series 2007A	211,525,000	211,525,000	0	211,525,000
Stadium Project Series 2008A	55,000,000	37,310,000	0	37,310,000
Convention Center Expansion Project Series 2008A	120,000,000	120,000,000	0	120,000,000
Convention Center Expansion Project Series 2009A	17,665,000	17,665,000	(1,000,000)	16,665,000
Convention Center Expansion Project Series 2009B[3]	191,565,000	191,565,000	0	191,565,000
TOTAL INDIANA FINANCE AUTHORITY	$995,755,000	$978,065,000	($1,000,000)	$977,065,000
TOTAL ALL BONDS	$1,710,395,000	$1,502,770,000	($36,855,000)	$1,465,915,000

(1) Qualified obligation revenues are expected to be sufficient to pay debt service. However, a portion of qualified obligation revenues are payable solely from General Assembly appropriations to the qualified entity.
(2) Issued as taxable bonds.
(4) Issued under the America Recovery and Reinvestment Act of 2009 as Build America Bonds. The bonds are federally taxable, and the Indiana Finance Authority will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest payable on the bonds.

Source: Indiana Finance Authority (as of June 30, 2012)

Other Entities Issuing Debt

The following entities, although created or designated by the State, are authorities, instrumentalities, commissions, separate bodies corporate and politic, or not-for-profit corporations separate from the State. The entities may incur debt while exercising essential governmental or public functions. Any debt incurred by the entities is secured only by specific revenue and sources pledged at the time the debt is incurred and is neither direct nor indirect debt of the State. Any such debt does not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

Entity	Purpose of Debt Issuance
Board for Depositories	Provide guarantees for industrial development or credit enhancement for Indiana enterprises.
Indiana Housing and Community Development Authority[1]	Provide funds for construction or mortgage loans for federally assisted multi-family housing or for low and moderate income residential housing.
Ports of Indiana	Provide funds for ports and other projects.
Indiana Secondary Market for Education Loans, Inc.[2]	Provide funds for secondary market for higher education loans.

Indiana State Fair Commission	Provide funds for State fairgrounds.
State Revolving Fund Loan Program	Provide funds to assist local municipalities in financing drinking water and waste water infrastructure projects.

(1) Formerly, Indiana Housing Finance Authority. Authorized to issue bonds, similar to the Indiana Bond Bank, that would be eligible for General Assembly appropriations to replenish the debt service reserve funds, but has not issued and does not currently expect to issue any such bonds.
(2) A not-for-profit corporation authorized by the General Assembly.

INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS

INPRS and State Retirement Plans

Prior to July 1, 2011, the retirement plans for public employees in the State of Indiana were administered by independent instrumentalities governed by separate boards of appointed trustees, including the Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF). Legislation adopted in 2010 called for a consolidation of these entities, which began with the appointment of a joint Executive Director in May 2010, and resulted in the creation, effective July 1, 2011, of the Indiana Public Retirement System (INPRS). INPRS administers seven (7) separate public retirement funds. The State Police Pension Trust continues to be separately administered.

INPRS is governed by a nine-member Board of Trustees, appointed by the Governor pursuant to the following criteria:

(a) one trustee with experience in economics, finance, or investments,
(b) one trustee with experience in executive management or benefits administration,
(c) one trustee who is an active or retired member of the 1977 fund,
(d) two trustees who are TRF members with at least 10 years of creditable service,
(e) one trustee who is a PERF member with at least 10 years of creditable service,

(f) the Director of the State Budget Agency, or designee,
(g) the Auditor of the State, or nominee and
(h) the Treasurer of the State, or nominee.

The members of the Board of Trustees are as follows:

The Executive Director of INPRS is Steve Russo, who had previously served as TRF's Executive Director since 2008. Russo is a graduate of Purdue University. His career has included leadership roles with the Naval Avionics Center and technology company Thomson.

INPRS administers and manages the following plans:

(a) Public Employees' Retirement Fund
(b) Indiana State Teachers' Retirement Fund
(c) Prosecuting Attorneys' Retirement Fund
(d) 1977 Police Officers' and Firefighters' Pension and Disability Fund
(e) Legislators' Retirement System
(f) Judges' Retirement System
(g) State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

INPRS also oversees three non-retirement funds, including the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund, and the State Employees' Death Benefit Fund.

Each retirement fund will continue as a separate fund under the oversight of a combined INPRS nine-member board of trustees. INPRS is not a merger of PERF and TRF Funds and neither the assets nor the liabilities of one fund become the assets or liabilities of the other. Individual funded status for each plan will continue to be calculated separately.

Each year, INPRS will make actuarial valuations of the assets and liabilities of each of the retirement funds. At least once every five years, there will be separate actuarial investigation into the mortality, service, and compensation experience of the members of the systems and their beneficiaries.

The consolidation of retirement plan administration is anticipated to enable greater efficiency, by eliminating duplication of efforts and by pooling assets together for investment purposes.

The combined membership of all plans administered by INPRS is approximately 480,000 people.

Explanatory Comments

Reference is made hereby to the INPRS website (www.IN.gov/INPRS) for access to copies of relevant plan documents. The discussions and tables which follow contain technical information for which the following explanatory comments may be helpful.

(a) Certain key definitions applicable to the State's pension plans are shown in Key Definitions below.

(b) Pension plan financial reporting contains both actual historical information and actuarially determined information. Actuarially determined information is based on specific sets of assumptions. Detailed descriptions of relevant assumptions for each plan can be found in each plan's applicable Comprehensive Annual Financial Report (CAFR) as referenced herein.

(c) Annual Required Contributions (or ARC) are determined by the plan's administrator or board to be the aggregate amount expected to be required from each participating employer based on the plan's assumptions in various matters, in order to pay "normal costs" and payments made to amortize any "unfunded accrual actuarial liability." The administrator will assess each participating employer a contribution requirement expressed as percentage of covered payroll which is projected to produce the desired ARC amount. Actual employer contributions reflect the application of the designated percentage to actual payroll during the period and, thus, often vary from the ARC as calculated and assessed.

(d) Discussions under this Section "INPRS and State Retirement Plans" are focused primarily on financial reporting and plan descriptions for the State Plans. Discussions under the following Section "State Pension Funding Obligations" are intended to highlight the actual funding requirements of State government.

(e) In 2012, the Indiana General Assembly passed P.L. 160-2012, which provides that if the amount of the state general fund excess reserves is less than $50,000,000, the excess reserves shall be carried over to the next year; and that if the excess reserves are $50,000,000 or more, 50% of the excess reserves shall be transferred to certain pension funds and 50% of the excess reserves shall be used for the purposes of providing an automatic taxpayer refund. In 2012, the JRS, PARF, EPCEP, as defined below, and the 1987 Plan of Indiana State Police Pension Trust will receive 50% of the general fund excess in order to increase their funding levels to 80%. Any money that remains after funding the JRS, PARF, EPCEP, and the 1987 Plan of Indiana State Police Pension Trust to 80% will go to the Pension Stabilization Fund to fund the pre-1996 TRF unfunded liability. If there is an excess in the general fund in or after 2013, then 50% of the excess will go to the Pension Stabilization Fund. Exact numbers for funding amounts are currently under development and will be provided as they become available.

Key Definitions

Actuarial Accrued Liability (AAL). That portion, as determined by a particular Actuarial Cost Method, of the actuarial present value of pension plan benefits and expenses that is not provided for by future Normal Costs.

Actuarial Cost Method. A method used to develop the actuarial present value of benefits and the allocations of such costs to certain periods of time in order to develop the AAL. Two common Actuarial Cost Methods are projected unit credit, or PUC, and entry age normal, or EAN. The PUC method tends to push more costs into the later part of a member's service. The EAN method develops a level contribution as a percent of pay (Normal Cost) which, if contributed and invested through the member's career, is expected to generate sufficient funds to equal the actuarial value of the future benefits by the time the member retires. In order to keep the costs level, EAN allocates a large Normal Cost for the earlier years and a relatively smaller Normal Cost to the later years compared to the PUC method. All plans administered by INPRS use EAN, except the Legislators' Defined Benefit Plan which uses PUC.

Actuarial Value of Assets (AVA). The value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. An Actuarial Value (in contrast to a current market value) attempts to smooth annual investment return performance over multiple years to reduce annual return volatility.

Amortization Period. The period over which the UAAL (defined below) is amortized, which can be either a "fixed" (or "closed") period of a "rolling" (or "open") period. During a fixed period, the UAAL is amortized over a declining number of years; for example, 30 years the first year, 29 years the second year, etc. During a rolling period, the UAAL is amortized over an unchanging number of years; for example, 15 years the first year, 15 years the second year, etc. All plans administered by INPRS use closed 30-year amortization periods.

Annual Pension Costs (APC). The aggregate in a particular year of (i) the ARC, (ii) one year's interest on the NPO (defined below), and (iii) an adjustment to the ARC to offset, approximately, the amount included in item (i) for amortization of past contribution deficiencies.

Annual Required Contribution (ARC). The aggregate in a particular year of (i) the Normal Cost and (ii) payments made to amortize the UAAL.

Assumptions. An actuarial report will utilize demographic and economic assumptions as to the occurrence of future events affecting pension costs, such as investment rate of return, inflation rate, interest credited to member contributions, salary increase rate, annual cost-of-living adjustment, rates of separation from active membership, post-retirement mortality active member mortality, and rates of retirement.

Funded Ratio. The ratio of (A) the AVA or market value of assets to (B) AAL. Such valuation can be on an actuarial or a market value basis. If a plan has a funded ratio of less than 100%, then the plan has a UAAL.

GASB. Governmental Accounting Standards Board of the Financial Accounting Foundation.

Market Value of Assets. As of the valuation date, the value of assets as if they were liquidated on that date.

Net Pension Obligation (NPO). The cumulative differences between the APC and actual employer contribution (*e.g.,* does not include contributions by the employees or any Employer Offset) in a particular year.

Normal Cost. The present value of the benefits that the pension system projects to become payable in the future that are attributable to a valuation year's payroll.

Smoothing Method. A method used in determining AVA that is intended to reduce the impact of market volatility on the assets of a pension plan. Under a Smoothing Method, the annual investment return performance is "smoothed" over multiple years to reduce annual contribution volatility. For example, by use of a "five-year smoothing" methodology, a percentage difference between the net market value and the net book value for each of the most recent five years is calculated. The resulting percentages are averaged for the five-year period and applied to the valuation's year's market value of assets to arrive at the actuarial value of assets, with the result that only 20% of investment gains or losses in a particular year are taken into account in the annual actuarial valuation. All INPRS-administered plans use a four-year smoothing method with a 20% corridor.

Unfunded Actuarial Accrued Liability (or UAAL). The difference between (A) the AVA or market value of assets and (B) the AAL. Such valuation can be on an actuarial or a market value basis.

Public Employees' Retirement Fund

The Public Employees' Retirement Fund ("PERF") has been in existence since 1945 to provide retirement, disability and survivor benefits for most State and local government employees. Prior to July 1, 2011, PERF was administered by a six-member Board of Trustees, and after that date, by INPRS.

All State employees and all employees of participating political subdivisions in covered positions, including elected and appointed officials, are required to join PERF. On June 30, 2011, PERF had over 310,000 members. The PERF benefit consists of (1) a pension formula benefit based upon years of service and an average of the member's annual compensation as defined by statute, and (2) an additional benefit based upon the member's annuity savings account balance, derived from employee contributions ("PERF ASA"). The employee contribution rate is defined by law as 3.0% of each employee's salary. For State employees, the law requires the State to pick up the employee's contributions to PERF.

Contributions are made to PERF by the State and local units determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The State is responsible for making contributions for State employee members only. The State's contribution rate effective July 1, 2012 to June 30, 2013 is 9.7%. Funding for the State's obligation to PERF is included as part of the expenditures for fringe benefits by each State agency. The tables below highlight the funded status (Table 9) and contribution history (Table 10) for PERF for the last six (6) valuation dates.

Table 9
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	11,177,971	11,450,928	272,957	97.6	4,322,180	6.3
6/30/2007	12,220,934	12,439,798	218,864	98.2	4,385,676	5.0
6/30/2008	12,780,116	13,103,221	323,105	97.5	4,600,354	7.0
6/30/2009	12,569,336	13,506,280	936,944	93.1	4,931,423	19.0
6/30/2010	12,357,199	14,506,052	2,148,853	85.2	4,896,013	43.9
6/30/2011	12,000,586	14,913,147	2,912,561	80.5	4,818,774	60.4

Table 10
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	248,120	230,357	92.8
6/30/2007	6/30/2006	275,171	260,150	94.5
6/30/2008	6/30/2007	291,397	303,877	104.3
6/30/2009	6/30/2008	316,059	323,151	102.2
6/30/2010	6/30/2009	360,183	331,090	91.9
6/30/2011	6/30/2010	483,842	342,779	70.8

For further information about PERF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click “Publications”.

For more information on the State’s funding obligations regarding PERF, see “INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS– State Pension Funding Obligations, 1. PERF as to State Employees.”

Indiana State Teachers’ Retirement Fund

The Indiana State Teachers’ Retirement Fund (“TRF”) is a multiple-employer retirement fund established to provide pension benefits for teachers and their supervisors in the State’s public schools. Membership in TRF is required for all legally qualified and regularly employed public school teachers. TRF provides retirement benefits, as well as death and disability benefits. Prior to July 1, 2011, TRF was administered by a six-member Board of Trustees. Effective July 1, 2011, TRF is administered by INPRS. On June 30, 2011, TRF had over 153,000 total members.

The TRF benefit consists of (1) a defined benefit based upon years of service and final average salary and (2) an additional benefit based upon the member’s annuity savings account (“TRF ASA”) balance, derived from member contributions. The mandatory member contribution rate to his or her TRF ASA is defined by law as 3.0% of each member’s salary. Each employer is authorized to elect to pick up the member contribution.

The TRF is comprised of two plans and related accounts. For members hired prior to July 1, 1995, the plan was closed (the “Pre 1996 Plan”). For members hired after that date, a separate plan was established (the “1996 Plan”).

For the Pre 1996 Plan, monies to pay the related TRF benefits are primarily provided from General Fund appropriations as the liabilities come due each year, or on a “pay as you go” basis. To reduce the amount of future state appropriations in the Pre 1996 Plan, the State established the Pension Stabilization Fund in July 1, 1995, to partially pre-fund liabilities in the Pre 1996 Plan. The Pension Stabilization Fund has the result of limiting the peak required annual appropriations to the Pre 1996 Plan at a 3.0% increase over the prior year based on an assumed annual investment return of 5.0%. As of June 30, 2011, the balance of the Pension Stabilization Fund was approximately $2.3 billion. See also INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS - "State Pension Funding Obligations, 2. Pre 1996 TRF Plan" for a further discussion on the State funding obligations for the Pre 1996 TRF Plan.

The following tables establish the six (6) year history of funding progress and contributions, respectively, for the Pre-1996 Plan (Tables 11 and 12), the 1996 Plan (Tables 13 and 14) and for total TRF plans (Tables 15 and 16).

Table 11
Pre 1996 Plan
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	5,477,221	15,002,471	9,525,250	36.5	2,237,380	425.7
6/30/2007	5,763,508	15,988,259	10,224,751	36.0	2,376,390	430.3
6/30/2008	5,953,991	15,792,305	9,838,314	37.7	2,295,816	428.5
6/30/2009	5,109,086	16,027,093	10,918,007	31.9	2,030,484	537.7
6/30/2010	5,382,410	16,282,066	10,899,656	33.1	1,865,102	584.4
6/30/2011	5,227,402	16,318,404	11,091,002	32.0	1,762,751	629.2

Table 12
Pre 1996 Plan
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	556,460	601,259	108.1
6/30/2007	6/30/2005	602,904	636,039	105.5
6/30/2008	6/30/2006	678,050	675,682	99.7
6/30/2009	6/30/2007	700,307	706,366	100.9
6/30/2010	6/30/2008	850,493	731,149	86.0
6/30/2011	6/30/2009	894,507	748,978	83.7

For the 1996 Plan, the State capped its pension benefit obligation by (i) shifting the obligation for all teachers hired after July 1, 1995, to local school districts and (ii) implementing a level percent of payroll current funding approach. INPRS sets the contribution rate for the 1996 Plan based on an actuarial valuation of the 1996 Plan. The 1996 Plan was intended to be responsible not only for newly hired teachers into the schools, but also for the cost of teachers who began service before 1995 but subsequently transferred to other school corporations after 1995. The liability for these transferred teachers, which shifted from the Pre 1996 Plan to the 1996 Plan, began to cause an unfunded liability in the 1996 Plan. The General Assembly in 2005 addressed this growing unfunded liability in the 1996 Plan by stopping the transfer of liabilities—therefore transferred teachers remain part of the Pre 1996 Plan, which is "pay as you go". In addition, the actuarial assumptions used for calculating the contributions rate into the 1996 Plan now include an assumption for a cost of living adjustment, thereby making the contribution rate for which local schools are liable more realistic. The contribution rate effective July 1, 2012 to June 30, 2013 for the 1996 Plan is 7.5%.

Table 13
1996 Plan
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	2,209,468	2,363,101	153,633	93.5	1,565,341	9.8
6/30/2007	2,713,051	2,827,554	114,503	96.0	1,891,605	6.1
6/30/2008	3,080,057	2,957,758	(122,299)	104.1	2,052,720	(6.0)
6/30/2009	2,920,735	3,135,533	214,798	93.1	2,308,548	9.3
6/30/2010	3,422,554	3,614,559	192,005	94.7	2,447,509	7.8
6/30/2011	3,664,657	3,996,839	332,182	91.7	2,507,193	13.2

Table 14
1996 Plan
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	116,096	100,081	86.2
6/30/2007	6/30/2005	139,978	117,001	83.6
6/30/2008	6/30/2006	122,009	132,446	108.6
6/30/2009	6/30/2007	119,331	147,425	123.5
6/30/2010	6/30/2008	101,627	154,491	152.0
6/30/2011	6/30/2009	154,142	166,633	108.1

Table 15
Total of TRF Plans
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	7,686,689	17,365,572	9,678,883	44.3	3,802,721	254.5
6/30/2007	8,476,559	18,815,813	10,339,254	45.1	4,267,995	242.3
6/30/2008	9,034,048	18,750,063	9,716,015	48.2	4,348,536	223.4
6/30/2009	8,029,821	19,162,626	11,132,805	41.9	4,339,032	256.6
6/30/2010	8,804,964	19,896,625	11,091,661	44.3	4,312,611	257.2
6/30/2011	8,892,059	20,315,243	11,423,184	43.8	4,269,944	267.5

Table 16
Total of TRF Plans
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	672,556	701,340	104.3
6/30/2007	6/30/2005	742,882	753,040	101.4
6/30/2008	6/30/2006	800,059	808,128	101.0
6/30/2009	6/30/2007	819,638	853,791	104.2
6/30/2010	6/30/2008	952,120	885,640	93.0
6/30/2011	6/30/2009	1,048,649	915,611	87.3

For further information about TRF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications". In addition, CAFRs and actuarial reports are also available for prior fiscal years at the referenced website.

Other Plans

INPRS also administers five other plans in addition to PERF and TRF. These include the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Judges' Retirement System, the Legislators' Retirement System, the State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, and the Prosecuting Attorneys' Retirement Fund. Table 17 highlights the actuarial valuation findings for these plans as of June 30, 2011.

Table 17
Other State Pension Funds
Summary of Results of Actuarial Valuation as of June 30, 2011
(dollars in thousands)

	Judges' Retirement System[(1)]	Legislators' Defined Benefit Plan	State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan	Prosecuting Attorneys' Retirement Fund	1977 Police Officers' and Firefighters' Pension and Disability Fund
Funded Status					
Actuarial Value of Assets	$248,623	$3,634	$72,599	$25,651	$3,593,787
Actuarial Accrued Liability (AAL)	400,274	4,621	101,534	53,252	3,638,956
Unfunded/(Overfunded) AAL	151,651	987	28,935	27,601	45,169
Funded Ratio	62.1%	78.6%	71.5%	48.2%	98.8%
Contribution History					
Annual Required Contributions	$18,910	$113	$5,179	$1,960	$133,903
Actual Employer Contributions	19,200	0	5,197	170	133,726
Percentage Contributed	101.5%	0.0%	100.3%	8.7%	99.9%

[(1)]Actuarial cost method is a pay-as-you-go-plan

Source: Actuarial Valuation Reports, June 30, 2011

Further information about other plans including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications". In addition, CAFRs and actuarial reports are also available for prior fiscal years.

1977 Police Officers' and Firefighters' Pension Disability Fund

The 1977 Police Officers' and Firefighters' Pension and Disability Fund ("1977 Fund") has been in existence since 1977 to provide retirement, disability and survivor benefits for Police Officers and Firefighters. Prior to July 1, 2011, the 1977 Fund was administered by a six-member Board of Trustees, and after that date, by INPRS.

On June 30, 2011, the 1977 Fund had 17,259 members, survivors and beneficiaries. The pension benefit consists of a pension formula benefit based upon years of service and the first-class salary as defined by statute. The employee contribution rate is defined by law as 6% of first-class salary.

Contributions are made to the 1977 Fund by the participating employer units as determined by INPRS. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. Funding for the participating employer unit's obligation to the 1977 Fund is included as part of the expenditures for fringe benefits by the participating unit. The tables below highlight the funded status (Table 18) and contribution history (Table 19) for the 1977 Fund for the last six (6) valuation dates.

Table 18
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	$2,347,986	$2,415,053	$67,067	97.2%	$522,227	12.8%
12/31/2006	2,860,512	2,649,525	(210,987)	108.0	557,644	(37.8)
12/31/2007	3,281,480	2,889,295	(392,185)	113.6	603,963	(64.9)
12/31/2008	3,352,705	3,150,827	(201,878)	106.4	644,936	(31.3)
6/30/2009	3,265,598	3,332,686	67,088	98.0	649,018	10.3
6/30/2010	3,374,438	3,639,669	265,231	92.7	675,797	39.2
6/30/2011	3,593,787	3,638,956	45,169	98.8	687,342	6.6

Table 19
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
12/31/2005	12/31/2004	$97,286	$108,768	111.8%
12/31/2006	12/31/2005	102,964	143,272	139.1
12/31/2007	12/31/2006	108,741	122,712	112.7
12/31/2008	12/31/2007	117,773	133,196	112.6
6/30/2009	6/30/2008	62,881	64,285	102.2
6/30/2010	6/30/2009	126,558	130,775	103.3
6/30/2011	6/30/2010	133,903	133,726	99.9

The 1977 Fund provides pension and disability benefits for local police officers and firefighters hired after April 30, 1977. Benefits for the members of this plan have been funded on an actuarial basis through contributions from cities and towns and from plan members. In addition, the INPRS Board of Trustees administers a Pension Relief Fund for local police and fire units whose employees participate in the 1925 police pension fund, the 1937 firefighters' pension fund and the 1953 police pension fund (the "Old Funds"). Benefits for the members who participate in the Old Funds have been funded on a "pay-as-you-go" basis, under which benefits are paid from current revenue of cities and towns and by plan members' contributions. The State currently reimburses cities and towns for their entire pension benefit expenditure under the Old Funds via the Pension Relief Fund, but previously reimbursed cities and towns for a portion of their pension benefit expenditures. To provide such pension relief, the State has dedicated a portion of the State's cigarette tax revenue, liquor tax revenue, Hoosier Lottery profits, and investment earnings on the Public Deposit Insurance Fund. From time to time, the General Assembly has also appropriated general and dedicated funds to pension relief. During Fiscal Year 2011, $219 million was expended from the Pension Relief Fund, and on June 30, 2011, the total net assets of the Pension Relief Fund were $53 million.

Further information about the 1977 Fund including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Judges' Retirement System

The Judges' Retirement System ("JRS") has been in existence since 1953 to provide retirement, disability and survivor benefits for Judges. Prior to July 1, 2011, The Judges' Retirement System was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Judges and magistrates in covered positions are required to join the JRS. On June 30, 2011, the JRS had 770 members, survivors and beneficiaries. The pension benefit consists of a pension formula benefit based upon years of service and the member's salary as defined by statute. The employee contribution rate is defined by law as 6% of each employee's salary.

Contributions are made to the JRS by the State as determined by INPRS. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on the annual actuarial valuation. The State's obligation to the JRS is funded by appropriations from the state general fund. The tables below highlight the funded status (Table 20) and contribution history (Table 21) for the JRS for the last six (6) valuation dates.

Table 20
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	178,276	272,997	94,721	65.3	34,065	278.1
6/30/2007	211,747	283,995	72,248	74.6	29,712	243.2
6/30/2008	234,881	338,749	103,868	69.3	33,729	307.9
6/30/2009	240,954	330,551	89,597	72.9	36,196	247.5
6/30/2010	242,143	364,123	121,980	66.5	36,722	332.2
6/30/2011	248,623	400,273	151,650	62.1	45,764	331.4

Table 21
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	14,932	13,537	90.7
6/30/2007	6/30/2006	12,249	14,662	119.7
6/30/2008	6/30/2007	10,028	15,920	158.8
6/30/2009	6/30/2008	16,131	20,861	129.3
6/30/2010	6/30/2009	16,077	18,631	115.9
6/30/2011	6/30/2010	18,910	19,200	101.5

Further information about the JRS including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Prosecuting Attorneys' Retirement Fund

("PARF") has been in existence since 1990 to provide retirement, disability and survivor benefits for Prosecuting Attorneys, Chief Deputy Prosecuting Attorneys and Deputy Prosecuting Attorneys. Prior to July 1, 2011, PARF was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Prosecuting Attorneys, Chief Deputy Prosecuting Attorneys and Deputy Prosecuting Attorneys are required to join PARF. PARF members are also required to join PERF. On June 30, 2011, PARF had 550 members, survivors and beneficiaries. The PARF benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 6% of each employee's salary. The employer may pick up the employee's contributions to PARF.

Contributions are made to PARF by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The tables below highlight the funded status (Table 22) and contribution history (Table 23) for PARF for the last six (6) valuation dates.

Table 22
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	20,053	29,184	9,131	68.7	19,225	47.5
6/30/2007	23,815	32,052	8,237	74.3	18,092	45.5
6/30/2008	26,350	38,069	11,719	69.2	20,617	56.8
6/30/2009	26,467	44,632	18,165	59.3	20,782	87.4
6/30/2010	26,166	49,174	23,008	53.2	21,016	109.5
6/30/2011	25,651	53,252	27,601	48.2	18,082	152.6

Table 23
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	952	170	17.9
6/30/2007	6/30/2006	1,044	190	18.2
6/30/2008	6/30/2007	1,040	170	16.3
6/30/2009	6/30/2008	1,340	170	12.7
6/30/2010	6/30/2009	1,663	170	10.2
6/30/2011	6/30/2010	1,960	170	8.7

Further information about PARF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Legislators' Retirement System

The Legislators' Retirement System ("LRS") has been in existence since 1989 to provide retirement, disability and survivor benefits for members of the General Assembly. Prior to July 1, 2011, the LRS was administered by a six-member Board of Trustees, and after that date, by INPRS. The LRS includes two plans: The Legislators' Defined Benefit Plan ("LEDBP") and the Legislators' Defined Contribution Plan ("LEDCP"). The LEDBP includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989 participate in the LEDCP.

On June 30, 2011, the LEDBP had 112 members, survivors and beneficiaries. The LEDBP benefit consists of a pension formula benefit based upon the lesser of $40 per month times the years of service in the General Assembly prior to November 8, 1989 or the highest consecutive three-year average annual salary at termination, divided by twelve.

Contributions are made to the LEDBP by the State determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The LEDBP is funded by appropriations from the State general fund. The tables below highlight the funded status of the LEDBP (Table 24) and contribution history (Table 25) for the LEDBP for the last six (6) valuation dates.

Table 24
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Number of Active Participants (c)	UAAL per Covered Participant ((b-a)/c)
6/30/2006	4,721	5,232	511	90.2	46	11
6/30/2007	5,035	5,169	134	97.4	43	3
6/30/2008	5,120	5,039	(81)	101.6	34	(2)
6/30/2009	4,730	5,087	357	93.0	33	11
6/30/2010	4,075	4,909	834	83.0	20	42
6/30/2011	3,634	4,621	987	78.6	7	141

Table 25
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	91	100	109.9
6/30/2007	6/30/2006	120	100	83.3
6/30/2008	6/30/2007	66	100	151.5
6/30/2009	6/30/2008	45	100	222.2
6/30/2010	6/30/2009	63	-	0.0
6/30/2011	6/30/2010	113	-	0.0

On June 30, 2011 the LEDCP had 222 members. The LEDCP employee contribution rate is defined by law as 5%. Contributions are made to the LEDCP by the state based on a rate determined by the INPRS board and confirmed by the budget agency not to exceed the total contribution rate paid that year by the state to INPRS for state employees.

Further information about the LEDBP including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications."

State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

The State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan ("EPCEP") has been in existence since 1972 to provide retirement, disability and survivor benefits for Excise Police, Gaming Agents, Gaming Control Officers and Conservation Enforcement Officers. Prior to July 1, 2011, EPCEP was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Excise Police, Gaming Agents, Gaming Control Officers and Conservation Enforcement Officers are required to join EPCEP. On June 30, 2011, EPCEP had 680 members, survivors and beneficiaries. The EPCEP benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 4% of each employee's salary. The employer may pick up the employee's contributions to EPCEP.

Contributions are made to EPCEP by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. Funding for the State's obligation to EPCEP is included as part of the expenditures for fringe benefits by each State agency. The tables below highlight the funded status (Table 26) and contribution history (Table 27) for EPCEP for the last six (6) valuation dates.

Table 26
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	48,496	64,765	16,269	74.9	14,892	109.2
6/30/2007	57,414	74,451	17,037	77.1	17,715	96.2
6/30/2008	65,375	77,177	11,802	84.7	21,333	55.3
6/30/2009	68,170	89,296	21,126	76.3	25,238	83.7
6/30/2010	70,327	97,862	27,535	71.9	26,709	103.1
6/30/2011	72,599	101,534	28,935	71.5	24,028	120.4

Table 27
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	2,710	2,498	92.2
6/30/2007	6/30/2006	3,128	3,359	107.4
6/30/2008	6/30/2007	3,676	4,854	132.0
6/30/2009	6/30/2008	4,427	5,294	119.6
6/30/2010	6/30/2009	5,237	5,256	100.4
6/30/2011	6/30/2010	5,179	5,197	100.3

Further information about EPCEP including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Indiana State Police Pension Trust

The Indiana State Police Pension Trust was established in 1937. The Trust consists of a two-part State Police Benefit System, the Pre-1987 Plan and the 1987 Plan, that provide retirement benefits to the employee beneficiaries. The Trust is administered by the Pension Advisory Board, which consists of the Superintendent of the Department of State Police; a representative of the pension consultants and the Trustee (Treasurer of State of Indiana), who both serve on a nonvoting basis; three active employees of the Department of State Police; and an Executive Secretary who is appointed by the Superintendent.

The State Police Pension Fund shall consist of voluntary contributions from the Department, contributions deducted from the wages of employees of the Department, any other payments or contributions made by the State of Indiana in the form of appropriations from the State's General Fund and the Motor Vehicle Highway Fund, and the income and proceeds derived from the investment of the Fund.

Employees who are participating in the Pre-1987 Plan shall make contributions equal to 5% of their salary, provided that the maximum contribution shall be equal to 5% of the Six Year Trooper Salary. Employees who are participating in the 1987 Plan shall make contributions equal to 6% of their salary. The method used in determining the annual required contributions and the calculation of the unfunded actuarial accrued liability is the Entry Age Actuarial Cost Method. A smoothed basis method is used for the asset valuation.

See the following tables for the funding status and a contribution history.

Table 28

Schedule of Funding Progress

	(a)	(b)	(c)		(d)	
Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll	UAAL as % of Payroll (c)/(d)
7/1/2006	$339,122,497	$392,809,758	$ 53,687,261	86.3%	$54,156,357	99.1%
7/1/2007	$371,918,092	$413,968,601	$ 42,050,509	89.8%	$59,862,892	70.2%
7/1/2008	$386,872,985	$438,460,280	$ 51,587,295	88.2%	$65,421,105	78.9%
7/1/2009	$356,056,202	$453,687,692	$ 97,631,490	78.5%	$68,283,255	143.0%
7/1/2010	$363,487,316	$447,063,504	$ 83,576,188	81.3%	$66,603,419	125.5%
7/1/2011	$361,457,004	$470,852,078	$109,395,074	76.8%	$64,947,968	168.4%

*Determined under the Entry Age Actuarial Cost Method, as defined in Statement #27 of the Governmental Account Standards Board. Under this method, the Actuarial Present Value of the Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between age at hire and assumed retirement age. The amortization of the Unfunded Actuarial Accrued Liability is based on a 40-year closed period from July 1, 1997.

Table 29

Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contribution (ARC)*	Actual Employer Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
2007	$9,472,493	$12,113,595	127.9%	$8,606,962
2008	$9,173,931	$9,412,228	102.6%	$8,277,546
2009	$10,361,583	$9,472,493	91.4%	$9,071,870
2010	$14,229,907	$9,471,135	66.6%	$13,718,223
2011	$12,266,567	$9,449,670	77.0%	$16,389,890
2012	$14,517,041			

*The Annual Required Contribution (ARC) is not equal to the minimum annual contribution in accordance with Indiana Code 10-12-2-2(i) but instead determined under the Entry Age Actuarial Cost Method as defined in Statement #27 of the Governmental Account Standards Board GASB#27). The amortization of the Unfunded Actuarial Accrued Liability is based on a 40-year closed period from July 1, 1997 and is determined as a level dollar amount. Effective July 1, 2010, the amortization is based on a 30-year closed period from July 1, 2010 as a level dollar amount.

State Pension Funding Obligations

The State is obligated to fund various components of the plans described above as follows:

1. PERF as to State Employees

Table 30 below represents the historical presentation showing only the active, State-related portion, not including the PERF ASA.

Table 30
Public Employees' Retirement Fund
(Active, State-Related Portion, Not Including the PERF ASA)[(1)]
(dollars in thousands)

	June 30,2006[(2)]	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Funded Status						
Actuarial Value of Assets	$2,169,620	$2,350,652	$2,469,431	$2,121,550	$1,803,664	$1,433,516
Actuarial Accrued Liability (AAL)	2,210,377	2,335,082	2,513,791	2,443,039	2,678,031	2,538,861
Unfunded/(Overfunded) AAL	40,757	(15,570)	44,360	321,489	874,367	1,105,345
Funded Ratio	98.2%	100.7%	98.2%	86.8%	67.4%	56.5%
Contribution Rate[(3)]	6.3%	6.3%	6.5%	7.0%	8.6%	9.7%
	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Contribution History						
Annual Required Contributions	$87,947	$96,430	$99,135	$107,981	$118,200	$176,290
Actual Employer Contributions	72,890	89,801	106,867	111,214	111,555	115,232
Percentage Contributed	82.9%	93.1%	107.8%	103.0%	94.4%	65.4%

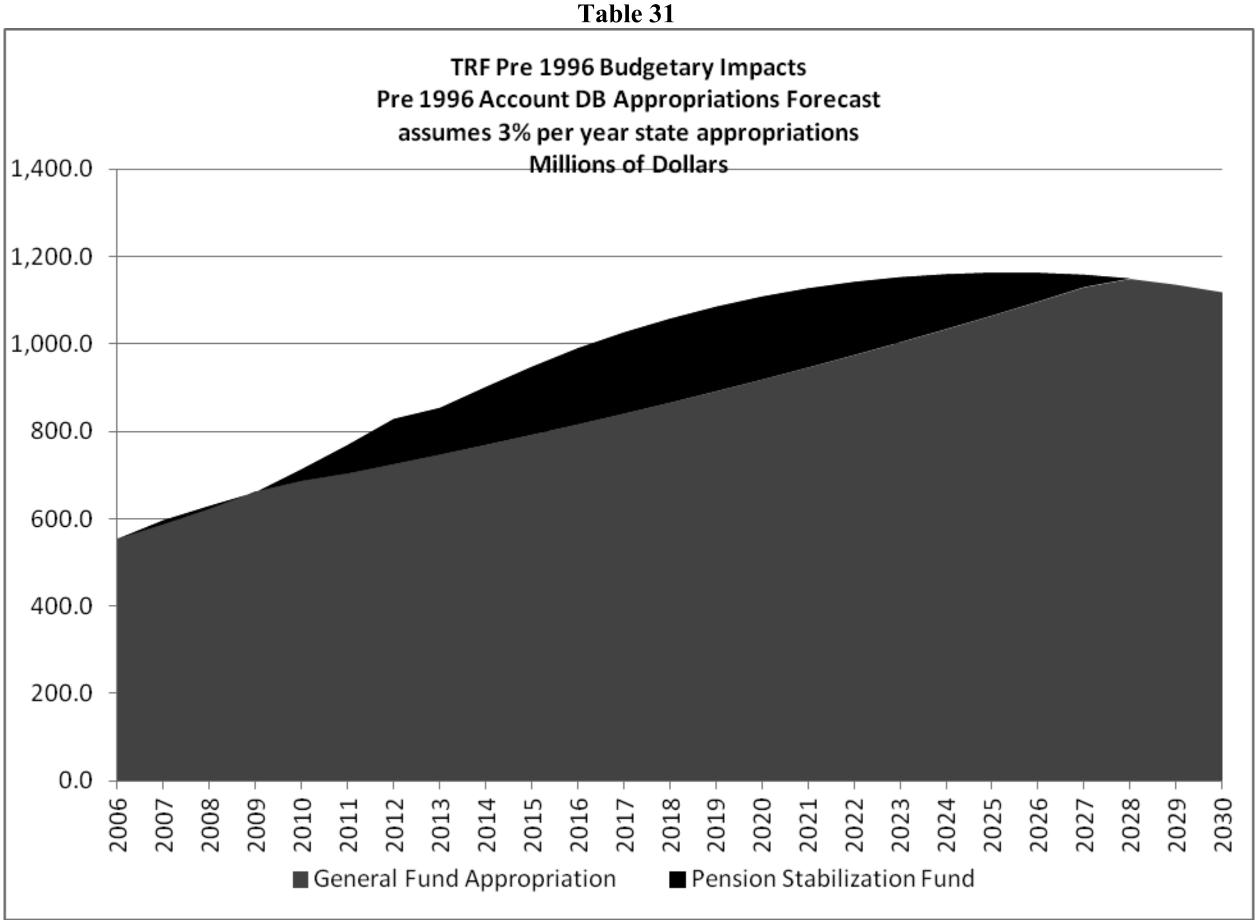
(1) State-related portion does not include any information from schools.
(2) The 1.0% lifetime cost of living adjustment assumption was changed to a 1.5% lifetime cost of living adjustment assumption as the final step in phasing in this assumption. Also, the actuarial assumptions were revised based on the recommendations of an actuarial experience study prepared for the period 2000-2005.
(3) Contribution rate is a blended rate for all employers participating in the PERF plan, and is set using the most recently completed actuarial valuation that goes into effect July 1 of the next calendar year.

Source: Actuarial Valuation Report, Public Employees' Retirement Fund of Indiana, June 30, 2011.

2. Pre 1996 TRF Plan

The Pension Stabilization Fund has been a source of State contributions to the Pre 1996 Plan in the last five years, and projections indicate that the Pension Stabilization Fund will be expended over the next approximately 16 years for this purpose at which time the State's Obligations under the Pre 1996 Plan are expected to be lower each succeeding year. If the annual amount of benefit liabilities for the Pre 1996 Plan retirees exceeds the annual state appropriation allotted to the Pre 1996 Plan, the Pension Stabilization Fund supplements the shortfall. The Pension Stabilization Fund amount is impacted each year by investment earnings and monies allotted from the Lottery. Projections of future annual benefit payments from the Pre 1996 Plan range from approximately $123 million/year to almost $1.2 billion. Projections of future annual benefit payments from the Pre 1996 Plan will continue to grow from the current level of $0.8 billion annually and will peak at almost $1.2 billion annually. This funding will be provided by the annual state appropriations which are projected to grow by 3% per year with any remaining required amounts coming from the Pension Stabilization Fund. Table 31 below shows the projected value of the Pension Stabilization Fund over time and Table 32 shows the payments (and the sources therefore) under the Pre 1996 Plan in recent years.

Table 31



Projections assume, inter alia, (1) a 5% annual investment return on the Pension Stabilization Fund, (ii) continued annual funding of Pension Stabilization Fund from lottery revenues of $30 million, and (iii) 103% year over year appropriations from General Fund for Pre-1996 Plan benefits. Projections are subject to change.

Source: Actuarial Valuation Report, Teachers' Retirement Fund, June 30, 2011.

See the following table for the contribution history.

Table 32
TRF Pre-1996 Pension Stabilization Fund Balances

(Dollars in Millions)

Fiscal Year	2006	2007	2008	2009	2010	2011
PSF Balance	$1,537.0	$1,880.1	$2,084.5	$1,614.4	$1,932.8	$2,263.5

3. Other Plan Obligations

The State's funding obligations for each of the other components of the State pension system are small relative to PERF and TRF and can be seen in prior tables under "Annual Employer Contributions".

ECONOMIC AND DEMOGRAPHIC INFORMATION

Summary

Indiana is expanding the diversity of its economy while maintaining its strong tradition in the manufacturing sector. Manufacturing capacity has contributed to Indiana's estimated 2010 State Gross Domestic Product (GDP) of approximately $276 billion (current dollars), ranking sixteenth largest in the country in terms of the value of goods and services produced. The Manufacturing sector now represents 16% of total employment in Indiana, a decrease from 22% in 2000. From 2000 to 2010, Indiana witnessed significant shifts in the distribution of employment between sectors. Employment in the Education and Health Services sector increased by 28.9%; followed by a 11.3% gain in Professional & Business Services. Trade, Transportation & Utilities is the largest employment super sector in Indiana.

Indiana is rich in assets with a low cost of living, a business-friendly regulatory environment and an efficient transportation system. Well-located for goods production and distribution, Indiana is within a day's drive of nearly two-thirds of the United States' population. With 10,023 miles of State highways and 1,172 miles of interstate highways, Indiana has more interstate highways passing through it than any other state. The Governor's 2006 Major Moves transportation initiative, calling for $10.6 billion invested over 10 years, will fund both maintenance and new construction for Indiana's roadways. Coupled with the elimination of the state's inventory tax and the adoption of Daylight Savings Time in 2006, Indiana becomes even more attractive as a site for production, warehousing and distribution and transportation activities.

The cost of living index for Indiana's major cities has been consistently below the national average. Indiana ranks favorably among the states in housing affordability and percent of home ownership. Electricity costs are comparatively low in Indiana due to the ready availability of ample natural resources. According to the U.S. Energy Information Administration, year-to-date average retail electric utility rates through December 2011 were 7% lower than the national average for all industrial consumers; while residential retail electric bills were 17% below the national average.

The Indiana Economic Development Corporation (IEDC) is Indiana's lead economic development agency. Officially established in February 2005 to replace the State's former Department of Commerce, the IEDC is a public private partnership governed by a 12-member board of directors chaired by the Governor. Since its inception, the

IEDC has worked with more than 1,350 companies from across Indiana and around the globe who have collectively committed to create more than 153,000 new jobs and invest nearly $30 billion of private capital in their Indiana operations. In 2012 alone, the IEDC has already worked with 133 companies who have committed to create more than 12,100 new jobs and invest more than $2.1 billion in new or expanded operations in industries ranging from advanced manufacturing, life sciences, defense and information technology.

Population

Indiana is the 16th most populous state in the United States. The capital and largest city is Indianapolis. From 2000 to 2010, the Indianapolis-Carmel Metropolitan Statistical Area ("MSA") grew by 13.1%. While Indiana's educational attainment rate for bachelors' degrees has lagged the nation and several neighboring states, estimates from Census 2000 and the 2001-2009 American Community Survey indicates that between 2000 and 2009, the number of individuals with "some college", associates' degrees and bachelors' degrees were increasing at a substantially higher rate than the population 25 years and older. In addition, of those Hoosiers who have completed a bachelors' degree or above, 36% have attained masters', doctoral or professional degrees, closely matching the national average of 36.9%.

Table 33
Educational Attainment, Indiana Population 25 Years & Over

Year	Some college, no degree	Assoc Degree	BA/BS or Above	Population 25 Yrs & Over
2000	727,387	210,265	749,872	3,893,278
2001	739,281	244,714	789,776	3,882,504
2002	725,926	219,712	794,098	3,845,706
2003	747,449	253,224	811,771	3,863,200
2004	768,437	250,762	838,435	3,889,833
2005	789,952	276,886	840,876	3,956,723
2006	793,292	296,052	891,489	4,110,754
2007	803,293	293,297	914,471	4,143,159
2008	866,304	313,410	956,371	4,177,420
2009	884,767	314,491	943,472	4,193,210
2010	884,028	317,235	960,164	4,229,798
2000-2010 Growth	21.5%	50.9%	28.0%	8.6%

Sources: Census 2000, 2001-2010, American Community Survey, March 2012

Indiana's excellent state colleges and universities attract the brightest students both nationally and globally (the state ranked 2nd nationally in terms of net domestic migration of college freshmen in 2008, according to the National Center for Education Studies). (1) These schools also serve as the focus of research and development efforts; assist in the formation of small business "incubators," and award advanced degrees in fields as varied as engineering, economics and pharmacy. In 2007, based on a National Science Foundation (NSF) survey, among the nation's public universities, Indiana ranked 19th in the nation in Academic Research & Development from Institutional funding (including grants and endowments) and 15th in terms of both Industry (for-profit entities) funding and 15th in funding from "All Other" sources(2). In the National Science Foundation 2006-2008 Science and Engineering State Profiles report, Indiana ranks in the top 20 for numbers of Doctoral Scientists, Science and Engineering (S&E) doctorates awarded, S&E and health post doctorates and graduate students in doctorate granting institutions. (3) Indiana University, Purdue University and the University of Notre Dame have all been included in the Financial Times rankings of the world's top business schools.(4)

Section Footnotes:
(1) http://www.stats.indiana.edu/sip/
(2) http://www.nsf.gov/statistics/nsf09303/content.cfm?pub_id=3871&id=2
(3) http://www.nsf.gov/statistics/nsf10302/
(4) Financial Times Report: Global MBA Rankings, 2011; http://rankings.ft.com/businessschoolrankings/global-mba-rankings-2011

Table 34
Population, including Selected Indiana MSAs

	2000*	2010	Percentage Change 2000-2010
Indiana	6,080,485	6,483,802	6.6%
Indianapolis-Carmel MSA	1,525,104	1,724,161	13.1%
Fort Wayne MSA	390,156	409,242	4.9%
Evansville-Henderson MSA (IN part)	283,866	289,568	2.0%
South Bend MSA	316,663	319,224	0.8%
Gary PMSA	675,971	697,220	0.3%
United States	281,421,906	308,745,538	9.7%

* These Indiana Metropolitan Statistical Areas were reconfigured in 2005. The above population estimates are based on the areas as defined by the Office of Management and Budget as of December 2005. Consistent aggregate historical data are not yet readily available. Source: U.S. Census Bureau, May 2011.

Employment

During this past decade, employment in Indiana has shifted significantly between sectors, reflecting the fundamental changes taking place in the state's economy and following larger trends at the national level. Within the Manufacturing sector, some well-paying industry components continued to experience employment declines in 2010, generally mirroring the nation. Medical Equipment & Supplies Manufacturing, however, has continued to see high growth through 2010. Listed on the table below are some examples of high wage subsectors in Indiana.

Table 35
Indiana High Wage Subsectors

NAICS Subsector	Sector Description	2005-2010 Employment Change	Indiana % Change	Indiana 2010 Annual Average Wage
3362	Motor Vehicle Body & Trailer Manufacturing	-13,400	-35%	$47,900
3361	Motor Vehicle Manufacturing	700	5%	$74,140
6113	Colleges, Universities & Professional Schools	3,800	6%	$43,300
6220	Hospitals	11,400	10%	$45,100
3391	Medical Equipment & Supplies Manufacturing	2,900	17%	$62,400

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages, June 2011.

The fastest growing super sectors overall during the last decade were Education and Health Services, which grew by 22.8% from 2001 to 2011, followed by Professional & Business Services (18% growth). Although Manufacturing is still the second largest super sector at 20% of total employment, it was the slowest growing sector from 2001 to 2011 and has undergone significant diversification and acquired an international presence in recent years. While Transportation Equipment Manufacturing employment has taken heavy losses as part of the turmoil and restructuring of that industry, Indiana's attraction of foreign auto manufacturers has served to buffer the State somewhat compared to neighboring states and the U.S. overall. In particular, Indiana's employment in the Motor Vehicle Manufacturing sub-sector has actually grown by about 37% between 2001 and 2011.

Table 36
Indiana Non-Farm Employment by Super Sector; December 2001 to December 2011
(Not Seasonally Adjusted)

NAICS Super Sectors	2001	Percentage of Total	2011	Percentage of Total	Growth 2001-2011
Total Non Farm	2,928,800	100%	2,864,400	100%	-2.2%
Education & Health Svc.	349,100	12%	428,800	15%	22.8%
Prof & Business Svc.	247,600	8%	292,200	10%	18.0%
Other Services	106,400	4%	109,300	4%	2.7%
Government	423,500	14%	434,100	15%	2.5%
Leisure and Hospitality	265,000	9%	273,800	10%	0.3%
Trade, Transport. & Util.	608,000	21%	569,900	20%	-6.3%
Financial Activities	141,500	5%	129,900	5%	-8.2%
Construction	147,500	5%	124,000	4%	-15.9%
Information	43,900	1%	34,100	1%	-22.3%
Manufacturing	592,000	20%	471,600	16%	-20.3%
Services Providing	2,182,200	75%	2,262,100	79%	3.7%
Goods Producing	746,600	25%	602,300	21%	-19.3%

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, March 2012

Table 37
Unemployment Rate
(Annual Averages of Monthly Data)

Year	Indiana	U.S.	Indiana as Percentage of U.S.
2001	4.2%	4.7%	89.4%
2002	5.2%	5.8%	89.7%
2003	5.3%	6.0%	88.3%
2004	5.3%	5.5%	96.4%
2005	5.4%	5.1%	105.9%
2006	5.0%	4.6%	108.7%
2007	4.6%	4.6%	100.0%
2008	5.9%	5.8%	101.7%
2009	10.4%	9.3%	111.8%
2010	10.2%	9.6%	106.3%
2011	9.0%	8.9%	101.1%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, April 2012

The unemployment statistics listed above are indicative of average annual data.

Income

In 2011, Indiana's per capita personal income increased to $35,550 or 4.6% from 2010. Indiana's personal income growth ranked fifteenth among states in the nation last year. During the past eleven years, Indiana's personal income grew at an average annual rate of 2.8%.

Table 38
Growth in Per Capita Personal Income
(Current Dollars)

Year	Indiana	U.S.	Indiana	U.S.
2001	28,028	31,157	2.1%	2.8%
2002	28,476	31,481	1.6%	1.0%
2003	29,484	35,295	3.5%	2.6%
2004	30,528	33,909	3.5%	5.0%
2005	31,141	35,452	2.0%	4.6%
2006	32,667	37,725	4.9%	6.4%
2007	33,645	39,506	3.0%	4.7%
2008	34,894	40,947	3.7%	3.7%
2009	33,323	38,846	-4.5%	-5.1%
2010	33,981	39,937	2.0%	2.8%
2011	35,550	41,663	4.6%	4.3%
Average Annual Growth Rate (2001-2011):			2.4%	3.0%
Total Growth Rate (2001-2011):			26.4%	32.8%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 2012.

Gross Domestic Product by State

With an estimated 2010 Gross Domestic Product by State of approximately $275.6 billion, Indiana's economy ranks sixteenth largest in the country in terms of the value of goods and services produced. Since 2000, Indiana's Gross Domestic Product by State has grown at an average annual rate of 3.9% (current dollars).

Table 39
Indiana Gross Domestic Product by Sector: 2000 to 2010
(Millions of Current Dollars)

NAICS Industry Sectors	2000	Percentage of Total	2010	Percentage of Total	Percentage Growth 2000-2010
Arts, entertainment, and recreation	$ 2,563	1.3%	$ 2,939	1.1%	14.7%
Educational services	1,339	0.7%	2,539	0.9%	89.6%
Administrative and waste services	4,479	2.2%	7,089	2.6%	58.3%
Health care and social assistance	11,996	6.1%	22,257	8.1%	85.5%
Professional and technical services	6,506	3.3%	11,421	4.1%	75.5%
Transportation and warehousing	6,805	3.4%	9,025	3.3%	32.6%
Finance and insurance	12,206	6.2%	18,981	6.9%	55.6 %
Other services, except government	5,164	2.6%	6,449	2.3%	24.9%
Government	19,115	9.7%	27,848	10.1%	45.7%
Accommodation and food services	4,587	2.3%	6,164	2.2%	34.4%
Real estate, rental, and leasing	20,111	10.2%	25,693	9.3%	27.8%
Mining	669	0.3%	1,086	0.4%	62.3%
Manufacturing	57,437	29.0%	74,917	27.2%	30.4%
Wholesale trade	10,961	5.6%	14,102	5.1%	28.7%
Information	3,888	2.0%	5,901	2.1%	51.8%
Construction	9,130	4.6%	9,616	3.5%	5.3%
Retail trade	13,497	6.8%	16,548	6.0%	22.6%
Utilities	3,962	2.0%	6,147	2.2%	35.5%
Management of companies and enterprises	2,195	1.1%	2,860	1.0%	30.3%
Agriculture, forestry, fishing, and hunting	1,414	0.7%	4,038	1.5%	185.6%
Total Gross Domestic Product by State	$198,020	100.0%	$275,676	100.0%	39.2%

Note: Individual sectors may not sum to totals due to rounding. NAICS Industry detail is based on the 2002 North American Industry Classification System (NAICS).
Source: U.S. Department of Commerce, Bureau of Economic Analysis, June 2011.

Exports

Since 2003, Indiana businesses have significantly increased exported output. The value of exports in calendar year 2004 jumped to $19,212 million, a 16.7% increase over 2003, in 2005 the total value increased to $21,594 million, a 12.4% growth rate, in 2006 the total value increased to $22,666 million, a 5.0% increase, in 2007 increased to $25,956 million, a 14.5% increase and in 2008 improved to $26,502 million, a 2.1% increase. After decreasing in 2009, Indiana's exports increased by 25.6% in 2010. Since 2000, Indiana's exports have grown at an average annual rate of 8.0% as compared to 6.3% for the United States as a whole.

Table 40
Exports – Annual Percentage Change
(Millions)

Year	Exports: Indiana	Exports: U.S.	Annual Percentage Change: Indiana	Annual Percentage Change: U.S.	Indiana as a Percentage of U.S. Exports
2000	15,386	781,918	19.2%	12.4%	2.0%
2001	14,365	729,100	-6.6%	-6.8%	2.0%
2002	14,956	693,103	4.1%	-4.9%	2.2%
2003	16,468	724,771	10.1%	4.6%	2.3%
2004	19,212	818,775	16.7%	13.0%	2.4%
2005	21,594	901,082	12.4%	10.1%	2.4%
2006	22,666	1,025,967	5.0%	13.9%	2.2%
2007	25,956	1,148,198	14.5%	11.9%	2.3%
2008	26,502	1,287,442	2.1%	12.1%	2.1%
2009	22,907	1,056,042	-13.6%	-18.0%	2.2%
2010	28,774	1,278,263	25.6%	21.0%	2.3%
Average Annual Growth Rate (2000-2010):			8.0%	6.3%	
Total Growth (2000-2010):			88.5%	69.2%	

Source: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, June 2011

Table 41
Indiana's Leading Export Industries and Destinations
(Millions)

Top Export Industries: Industry	2010 Exports	Export Destinations: Country	2010 Exports
Transportation Equipment Mfg	$7,959.0	Canada	$10,694
Chemical Manufacturing	7,608.7	Mexico	2,613
Machinery Manufacturing	3,540.1	Germany	1,830
Computer & Electronic Products	1,744.0	United Kingdom	1,467
Misc. Manufacturing	1,705.8	France	1,408
Primary Metal Manufacturing	1,541.3	Japan	1,197
Elect Equip, Appl. & Component	814.4	China	1,089
Fabricated Metal Products	673.1	Spain	942
Rubber & Plastics Products	651.4	Brazil	820
Food Manufacturing Products	612.8	Australia	568
Other	1,924.3	Other	6,147
Total	$28,774.9		$28,775

Sources: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, June 2011

LITIGATION

The following litigation liability survey is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding $10.0 million individually or in the aggregate. This summary is not exhaustive either as to the description of the specific litigation or claims described or as to all of the litigation or claims currently pending or threatened against the State.

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

Employment Litigation

In July 1993, in *Paula Brattain, et al v. Richmond State Hospital,* plaintiffs filed a breach of employment contract lawsuit in a state trial court alleging that the State has failed to pay certain similarly classified State employees at an equal rate of pay from September 19, 1973, to September 19, 1993. The Court certified plaintiffs' class, and class notification was completed. Plaintiffs seek to recover damages as well as attorneys' fees and costs. Mediation was unsuccessful. A claims-made basis class action settlement was preliminarily approved on August 18, 2008, with an $8.5 million settlement cap (inclusive of fees and costs). If the State's purported total liability for claims, attorneys' fees and expenses exceed $8.5 million the State may exercise its option to terminate the Settlement Agreement and proceed to trial. On October 20, 2008, the Court conducted a fairness hearing for the purpose of considering any timely written objections that may have been filed and determining pursuant to Ind. Trial Rule 23(E) whether the Court should approve the agreed settlement as fair, reasonable, and adequate. Only three objections to the proposed settlement were filed with the Court, and one was subsequently withdrawn. The Court found the two remaining objections were meritless. The Court approved the settlement on October 30, 2008, subject to the State Defendants' option to terminate the settlement agreement. On November 10, 2008, the State Defendants filed a Notice Regarding Settlement Agreement in which they gave notice that the conditions for terminating the settlement agreement have been met, and the State Defendants elect to exercise their option to terminate the settlement pursuant to the settlement agreement. Trial was reset for March 10, 2009. The Court has ordered the parties to return a second mediation session for February 5, 2009. Mediation was unsuccessful. A four-day bench trial was conducted March 10-13, 2009. The Court took the matter under advisement and gave the parties until March 31, 2009 to submit proposed findings of fact and conclusions of law. Findings and conclusions of law were submitted. Settlement discussions continued but the parties were unable to reach an agreement. On July 28, 2009, the Court entered judgment against the state in the total amount of $42,422,788.00 ($20,979,490.00 awarded to merit, overtime eligible employees; $16,762,773.00 awarded to non-merit, overtime eligible employees; $2,696,812.00 awarded to merit, overtime exempt employees; $1,983,713.00 awarded to non-merit, overtime exempt employees). On July 31, 2009, the State filed a Notice of Appeal and Motion to Stay Judgment Pending Appeal. On August 28, 2009, the trial court granted the motion to stay judgment pending appeal. On August 31, 2009, the State's Case Summary and Notices of Appearance were filed in the Court of Appeals. On September 23, 2009, plaintiffs filed Notices of Appearance and a Motion for pre-appeal conference and appellate alternative dispute resolution. On October 13, 2009, the State filed a response to Appellees' motion. On October 20, 2009, the court of appeals denied Appellees' Motion for Pre-Appeal Conference and Appellate Alternative Dispute Resolution. The trial court reporter was granted an extension until January 18, 2010, to file the transcript of proceedings. On November 17, 2009, plaintiffs reduced their settlement demand to $20 million. Defendants responded on December 1, 2009, with offer of $8.5 million (inclusive of fees and costs) and later increased the offer to $10 million, which plaintiffs rejected. The matter was fully briefed in the Court of Appeals. Oral Argument was held on August 23, 2010 and taken under advisement. Opinion issued by the Court of Appeals on October 8, 2010, reversed in part, affirmed in part and remanded to trial court for determination of damages; excused exhaustion of administrative remedies but limited back pay to 10 days (instead of 20 years) for merit employees; affirmed 20 years of back pay for non-merit employees. The Impact of this opinion was a reduction in trial court's judgment from $42.4 million to approximately $19 million. Both plaintiffs and defendants filed Petitions for Rehearing. Defendants' Petition for Rehearing denied. Plaintiffs' Petition for Rehearing granted in part remanding to trial court for determination of if/when individual merit plaintiffs filed administrative complaints. Plaintiffs and defendants each filed Petitions for Transfer to the Indiana Supreme Court, which were granted June 3, 2011. Oral argument was held in the Supreme Court on September 8, 2011 and taken under advisement. The Indiana Supreme Court issued a Ruling on February 16, 2012. It determined that both the "Merit and Non-Merit" employees, overtime-exempt and overtime-eligible, are all owed back pay on their claims for the same period (ten days prior to each class member filing claims or, if no claims filed, ten days prior to filing the lawsuit). This opinion further reduced the amount of damages owed to the plaintiffs. On March 16, 2012, plaintiffs' Petition for Rehearing was filed with the court. On March 19, 2012, defendants' Petition for Rehearing was filed with the court. Both Petitions for Rehearing were denied by the Supreme Court. The matter is now remanded to the trial court to determine damages in accordance with the ten-day limit on back pay.

Civil Rights Litigation

In 1968, in *United States of America, et al v. Board of School Commissioners, et al,* a lawsuit seeking to desegregate the Indianapolis Public Schools was filed in the United States District Court for the Southern District of Indiana. Since about 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The District Court entered its final judgment in 1981 holding the State responsible for most of the costs of its desegregation plan, and those costs have been part of the State's budget since then. In June 1998, the parties negotiated an 18-year phase out of the desegregation plan that was approved by the Court for some school corporations and a 13-year phase out of the desegregation plan for the school corporations that had already began the desegregation plan. State expenditures will be gradually reduced as the plan is phased out.

Other Contingencies

In May 2010, the State of Indiana on behalf of the Indiana Family and Social Services Administration, by outside counsel, and IBM ("IBM") sued each other regarding the company's contract to fix the state's welfare system. The state filed suit against IBM for breach of contract and unjust enrichment seeking to recover more than $43.4 million in payments, indemnification, damages, costs, fees, interest, treble damages, declaratory judgment and other relief. IBM filed suit seeking deferred costs and fees alleged in the amount of $43.4 million, and costs of IBM equipment allegedly retained by the state after termination of the contract for any reason in the amount of $9.3 million. Both lawsuits were filed in Marion County Superior Court and were consolidated on June 1, 2010. Trial commenced February 2012. A decision was handed down on July 18, 2012. The State has been ordered to pay IBM an additional $12 million, for a total of $52,081,416 plus prejudement interest and costs. The State received nothing from its complaint.

APPENDIX B

DEFINITIONS

In addition to terms defined elsewhere in this Official Statement, the following are summaries of certain of the definitions contained in the Indenture and used in this Official Statement with respect to the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds. Also see, APPENDIX C - "Summary of Certain Provisions of the Use and Occupancy Agreements and the Indenture."

"<u>2012 Bonds</u>" means, collectively the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds.

"<u>2012 Supplemental Indentures</u>" means, collectively, the Series 2012A Supplemental Indenture, the Series 2012B Supplemental Indenture and the Series 2012C Supplemental Indenture, as further supplemented and amended from time to time.

"<u>Accounts</u>" means the accounts created under the Indenture.

"<u>Accrued Debt Service</u>" shall mean, as of any date of calculation, an amount equal to the accrued Debt Service on all Series of Bonds related to a Facility, calculating the accrued Debt Service with respect to each such series of Bonds at an amount equal to the sum of (i) interest on such Bonds accrued and unpaid to the end of the then current calendar month, (ii) Principal Installments for such Bonds due and unpaid and (iii) that portion of the Principal Installment for such Bonds next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

"<u>Acquire</u>," "<u>Acquired</u>" or "<u>Acquisition</u>" means to purchase, erect, build, construct, reconstruct, renovate, refurbish, replace, extend, better, equip, develop, rehabilitate, remodel, relocate, enlarge, expand, make additions to, alter, modify, change, furnish, repair or improve a Facility, or to complete any of the foregoing, in each case to the extent same constitutes a capital expenditure under applicable law.

"<u>Acquisition Costs</u>" means all reasonable and necessary costs incurred in the Acquisition of a Facility, which costs may include but are not limited to the cost of Acquiring real property and any buildings thereon including relocation costs and payments for options, deposits or contracts to purchase properties; the cost of site preparation, demolition and development; any expenses relating to the issuance of the Bonds incurred by the Authority, including but not limited to, private placement fees, underwriting fees, original issue discounts, rating agency fees, printing costs and other necessary fees; fees in connection with the planning, execution and financing of a Facility, such as those of financial consultants, engineers, bond counsel, other special counsel, real estate counselors, appraisers, architectural historians and other such consultants, employees and agents as may be required in the judgment of the Authority; the cost of studies, surveys, plans, permits, insurance, interest, financing, taxes and assessments, and other operating and carrying costs during the Acquisition of a Facility; the cost of Acquiring a Facility; the cost of land improvements such as landscaping and off-site improvements; any initial expense, charge or cost payable upon issuance of the obligations with respect to the Acquisition of a Facility relating to or incurred in connection with the remarketing of obligations, such as remarketing agent or indexing agent fees or for credit enhancements or liquidity features, including, but not limited to, letter of credit fees, whether direct-pay or standby, swap agent fees and similar expenses or fees; the initial cost of such other items, including premiums for indemnity and surety bonds, premiums on insurance, including, but not limited to, municipal bond insurance, debt service reserve insurance or sureties and rental payment insurance, and fees and expenses of trustees, depositories, registrars, book entry registrars and paying agents for obligations issued under the Act; to the extent permitted by the Act, Debt Service on Bonds from the date thereof to the time when Debt Service is to be paid solely from the income and revenues of a Facility and any amounts necessary to establish or fund any reserves required in connection with such obligations; the reimbursement of all moneys advanced or supplied to or borrowed by the Authority for the payment of any item of cost of a Facility; and such other expenses as may be necessary, proper or convenient to the Acquisition of a Facility under applicable law, the financing thereof under the Act and the placing of the same in use.

"Act" means Indiana Code 4-4-10.9, 4-4-11 and 4-13.5, as amended and supplemented from time to time and any successor law.

"Additional Bonds" means one or more series of additional Bonds issued under a Supplemental Indenture to the Indenture.

"Authority" means the Indiana Finance Authority, a body corporate and politic, organized and existing under the Act and its successors.

"Beneficial Owner" means a person owning a Beneficial Ownership Interest in the Series 2012A Bonds, Series 2012B Bonds or Series 2012C Bonds, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the beneficial right to receive payments and notices with respect to the Series 2012A Bonds, Series 2012B Bonds or Series 2012C Bonds, which are held by DTC under a book entry system.

"Bond" or "Bonds" means any bonds, notes or other evidence of obligations of the Authority issued, authenticated and delivered pursuant to the Indenture.

"Bond Registrar" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as bond registrar for the Bonds and any bond registrar appointed for any series of Bonds, and its successors.

"Bondholder" or "Holder of Bonds" or "Owner of Bonds" or any similar term means the registered owner of any Bond outstanding under the Indenture.

"Business Day" means a day which is not (i) a Saturday, a Sunday or a legal holiday, (ii) a day on which banking institutions in Indianapolis, Indiana, or in any other city where the principal corporate trust office of the Trustee or the Paying Agent is located are required or authorized by law (including executive order) to be closed or on which the principal corporate trust office of the Trustee or the Paying Agent is closed for a reason not related to financial condition, or (iii) a day on which The New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended or supplemented, and any successor provisions of law, and any applicable Treasury regulations promulgated thereunder.

"Commencement Date" means, for any Facility, or any portion thereof, the date on which a completion certificate for a Facility, or such portion thereof, is accepted by a representative of the Department of Administration.

"DTC" means The Depository Trust Company and its successors and assigns.

"Debt Service" for any period means, as of any date of calculation and with respect to any outstanding series of Bonds under the Indenture, an amount equal to the sum of (a) interest accruing during such period on Bonds of such series, except to the extent that such interest is to be paid from deposits in the applicable Debt Service Fund under the Indenture from proceeds of the Bonds of such series or a related series, including amounts, if any, transferred from the related Construction Fund, and (b) that portion of each Principal Installment for such series of Bonds of which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such series of Bonds (or, if (i) there is no such preceding Principal Installment due date or (ii) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such series, whichever date is later), all subject to particular provisions of the Indenture in the case of any series of Put, capital appreciation or convertible capital appreciation Bonds. Such interest and Principal Installments will be calculated on the assumption that no Bonds outstanding at the date of such calculation will cease to be outstanding, except by reason of the payment of each Principal Installment when due.

"Defeasance Securities" means and includes only for the Series 2012A Bonds, Series 2012B Bonds or Series 2012C Bonds: (a) any direct and general obligations of, or any obligations the timely payment of principal and interest of which is unconditionally guaranteed by, the United States of America, which obligations are not redeemable prior to maturity other than at the option of the holders thereof, (b) obligations of, or unconditionally guaranteed as to the timely payment of principal and interest by, the Federal National Mortgage Association, which obligations are not redeemable prior to maturity other than at the option of the holder thereof, (c) any obligations of any state or political subdivision of a state (collectively, "Municipal Bonds") that are (i) fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the owners of the Municipal Bonds and (ii) not redeemable prior to maturity other than at the option of the holder thereof, (d) certificates of ownership of the principal of or interest on direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System which certificates of ownership are not redeemable prior to maturity other than at the option of the holder thereof, and (e) the interest component of debt obligations issued by the Resolution Funding Corporation, which are not redeemable prior to maturity other than at the option of the holder thereof.

"Department of Administration" means the Indiana Department of Administration and its successors.

"Facility" means a building, a structure or any portion of any of the foregoing, authorized to be financed or refinanced by the Authority, financed with Bonds and owned by the Authority and leased to the Department of Administration or a State agency pursuant to a Use and Occupancy Agreement.

"Facility No. 7" means the Evansville State Hospital Facility located in Vanderburgh County, Indiana.

"Facility No. 7 Bonds" means all Bonds issued for Facility No. 7 and secured by the Facility No. 7 Use and Occupancy Agreement, including the unrefunded Series 2003B Bonds, the Series 2011C Bonds, the Series 2012A Bonds and any Additional Bonds or Refunding Bonds related to Facility No. 7.

"Facility No. 7 Use and Occupancy Agreement" means the Use and Occupancy Agreement for Facility No. 7 between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration, dated as of November 1, 2003, as supplemented and amended from time to time.

"Facility No. 8" means the Logansport State Hospital Facility located in Cass County, Indiana.

"Facility No. 8 Bonds" means all Bonds issued for Facility No. 8 and secured by the Facility No. 8 Use and Occupancy Agreement, including the unrefunded Series 2004D Bonds, the Series 2012B Bonds and any Additional Bonds or Refunding Bonds related to Facility No. 8.

"Facility No. 8 Use and Occupancy Agreement" means the Use and Occupancy Agreement for Facility No. 8 between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration, dated as of September 1, 2004, as supplemented and amended from time to time.

"Facility No. 9" means the Southeast Regional Treatment Center Facility located in Jefferson County, Indiana.

"Facility No. 9 Bonds" means all Bonds issued for Facility No. 9 and secured by the Facility No. 9 Use and Occupancy Agreement, including the unrefunded Series 2004E Bonds, the Series 2012C Bonds and any Additional Bonds or Refunding Bonds related to Facility No. 9.

"Facility No. 9 Use and Occupancy Agreement" means the Use and Occupancy Agreement for Facility No. 9 between the Authority, as successor to the Indiana State Office Building Commission, and the Department of Administration, dated as of September 1, 2004, as supplemented and amended from time to time.

"Fiduciary" means the Trustee, the Bond Registrar, the Paying Agent, the Depositories or any or all of them, as may be appropriate.

"Fiscal Year" means the 12-month period commencing at 12:01 a.m. on July 1 of each year and ending at 12:01 a.m. that succeeding July 1 or such other fiscal year of the State as may be mandated by law.

"Fitch" means Fitch Ratings and its successors and assigns, *provided* that, in the event that the foregoing is dissolved or liquidated or the Authority determines that such entity no longer performs the function of a securities rating agency, such other nationally recognized rating agency as the Authority may from time to time designate.

"Funds" means each or all of the funds created under the Indenture.

"Gross Revenues" for any Facility means all fees, charges, revenues or receipts derived by the Authority from the operation or leasing of the respective Facility or any portion thereof pursuant to the applicable Use and Occupancy Agreement or otherwise, or from the sale, transfer or conveyance (whether voluntary or involuntary) of such Facility or any portion thereof, and shall include any rental payments received with respect to such Facility or any portion thereof from whatever sources (including, but not limited to, business interruption loss insurance) and receipts therefrom.

"Indenture" means the Amended and Restated Trust Indenture dated as of January 1, 1998, between the Authority and the Trustee, as previously supplemented and amended, and as further amended and supplemented by the 2012 Supplemental Indentures, as the same may be from time to time amended or supplemented.

"Investment Securities" means any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's funds:

(i) Any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) of this definition to the extent unconditionally guaranteed by the United States of America.

(ii) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) of this definition, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on bonds or other obligations of the character described in clause (i) of this definition which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate.

(iii) Bonds, debentures or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America.

(iv) Obligations issued by the Resolution Funding Corporation.

(v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America, or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

(vi) Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, *provided* that at the time of their purchase hereunder such obligations are rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

(vii) Obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which shall be rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

(viii) Obligations of the Authority payable from and secured by a pledge of the income and revenues of a facility other than an Indenture Facility payable pursuant to a use and occupancy agreement other than a Use and Occupancy Agreements.

(ix) Certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Indenture, and *provided* further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which shall be rated in the highest rating category by Fitch, Moody's or S&P, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by Fitch, Moody's or S&P.

(x) Certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (i) of this definition, *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Indenture.

(xi) Certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any of the 50 largest banks in the United States of America which are rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

(xii) Commercial paper, other than that issued by bank holding companies, rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

(xiii) Written repurchase contracts, reverse repurchase contracts or securities lending agreements (collateralized by cash or securities) with any securities dealer that is registered as a dealer under the Securities Exchange Act of 1934, as amended, and is monitored by, reports to and is recognized as a primary dealer by the Federal Reserve Bank of New York, having a net capital of at least $200,000,000, for obligations of, or unconditionally guaranteed as to the payment of principal and interest by, the United States of America or obligations of, or unconditionally guaranteed as to the payment of principal and interest by, any Bank for Cooperatives, any Federal Intermediate Credit Bank, any Federal Home Loan Bank, the Export-Import Bank of the United States, any Federal Land Bank, the Farmers Home Administration, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Financing Bank, Federal Home Loan Mortgage Corporation or any other agency or instrumentality of, or corporation wholly owned by, the United States of America, *provided* (a) that at the time of entering into any such contract or agreement (i) the market value as determined by such primary dealer (the "Market Value") of the obligations subject to any such repurchase contract is at least equal to the purchase price specified in such contract, (ii) the purchase price specified in any such reverse repurchase contract is at least equal to the Market Value of the obligations subject to such contract, or (iii) the Market Value of the collateral for any such securities lending agreement is at least equal to the Market Value of the securities lent, and (b) such obligations or collateral are held by the Trustee under the Indenture or by a depository satisfactory to the Trustee in such manner as may be required to provide a perfected security interest in such obligations or collateral for the benefit of the Authority.

(xiv) Shares of an investment company organized under the Investment Company Act of 1940, as amended, which either (a) is rated at least AAA by Fitch, Aaa by Moody's or AAA by S&P or (b) invests its assets exclusively in obligations of the type described in clause (i) of this definition, *provided* that the average maturity of such obligations shall not exceed 90 days.

(xv) Any agreement for an investment of money with a Qualified Institution (an "Investment Agreement"). All such investments (or the debt of the Qualified Institution with respect to any Investment Agreement) must be rated at least A+ by Fitch, A-l by Moody's or A+ by S&P, at the time such Investment Agreement is entered into. For purposes of this clause (xv), "Qualified

Institution" means a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended, federal or state branch of a foreign bank pursuant to the International Banking Act of 1978, as amended, a savings and loan association, an insurance company or association or any other entity, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by such institution, are rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

In lieu of the investment of moneys in obligations described in the first paragraph of this clause (xv), moneys held under the Indenture, may, to the extent permitted by law, be invested in interest-bearing time deposits or certificates of deposit which are: (a) issued by banks, trust companies, savings banks and savings and loan associations whose debt obligations are rated at least A+ by Fitch, A-l by Moody's or A+ by S&P, or, with respect to certificates of deposit maturing in less than one year, whose short-term debt obligations are rated at least A+ by Fitch, A-l by Moody's or A+ by S&P; or (b) fully insured by the Federal Deposit Insurance Corporation.

(xvi) Any obligations rated at least A+ by Fitch, A-l by Moody's or A+ by S&P.

"Moody's" means Moody's Investors Service and its successors and assigns, *provided* that in the event that the foregoing is dissolved or liquidated or the Authority determines that such entity no longer performs the function of a securities rating agency, such other nationally recognized securities rating agency as the Authority may from time to time designate.

"Net Revenues" of any Facility for any period shall mean the Gross Revenues during such period less expenses of operation, maintenance and repair for such Facility or portion thereof required to be paid by the Authority pursuant to the applicable Use and Occupancy Agreement or otherwise during such period, all as calculated in accordance with generally accepted accounting principles and the Indenture.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as paying agent for the Bonds and any paying agent appointed for any series of Bonds, and any successors or assigns.

"Pledged Funds" means (i) for any Facility and all related series of Bonds, the Construction Fund, the Debt Service Fund, any debt service reserve and the Replacement Reserve Fund and all Accounts and Subaccounts therein for such Facility created pursuant to the Indenture and (ii) for all Facilities and all series of Bonds, the General Fund and all Accounts and Subaccounts therein.

"Principal Installment" means, as of any date of calculation and with respect to any series of Bonds, so long as any Bonds of such series are outstanding, (a) the principal amount of Bonds of such series including the principal amount of any Put Bonds tendered for payment and purchased in lieu of redemption prior to the redemption date thereof due (or so tendered for payment and not purchased in lieu of redemption) on a certain future date for which no sinking fund installments have been established, or (b) the unsatisfied balance (determined as provided in the Indenture) of any sinking fund installments due on a certain future date for Bonds of such series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of Bonds of such series on such future date in a principal amount equal to the unsatisfied balance of such sinking fund installments, or (c) if such future dates coincide as to different Bonds of such series, the sum of such principal amount of Bonds of such series and of such unsatisfied balance of sinking fund installments due on such future date plus such applicable redemption premiums, if any.

"Put Bonds" shall mean Bonds which by their terms may be tendered by, and at the option of, the Holders, for payment by the Authority prior to their stated maturity.

"Rebate Memorandum" means the Memorandum on Compliance with Rebate Obligations of the Code delivered in connection with the issuance of each series of Bonds, as amended and supplemented.

"Refunding Bonds" means all Bonds of one or more series issued, authenticated and delivered pursuant to the Indenture to refund any series or portion of series of any Bonds outstanding under the Indenture or a portion of such Bonds.

"S&P" means Standard & Poor's Ratings Services and its successors and assigns, *provided* that, in the event that the foregoing is dissolved or liquidated or the Authority determines that such entity no longer performs the function of a securities rating agency, such other nationally recognized securities rating agency as the Authority may from time to time designate.

"Secretary" of the Authority, when used in Appendix C to this Official Statement, means the Public Finance Director of the State.

"Series 2003B Bonds" means the Indiana State Office Building Commission Facilities Revenue Bonds, Series 2003B (Evansville State Hospital Facility) dated November 6, 2003 in the original aggregate principal amount of $31,930,000.

"Series 2004D Bonds" means the Indiana State Office Building Commission Facilities Revenue Bonds, Series 2004D (Logansport State Hospital) dated September 23, 2004 in the original aggregate principal amount of $33,995,000.

"Series 2004E Bonds" means the Indiana State Office Building Commission Facilities Revenue Bonds, Series 2004E (Southeast Regional Treatment Center) dated September 23, 2004 in the original aggregate principal amount of $57,005,000.

"Series 2011C Bonds" means any of the Indiana Finance Authority Facilities Revenue Refunding Bonds, Series 2012C, dated November 17, 2011 in the original aggregate principal amount of $8,410,000.

"Series 2012A Bonds" means any of the Indiana Finance Authority Facilities Revenue Refunding Bonds, Series 2012A, issued under the Indenture.

"Series 2012B Bonds" means any of the Indiana Finance Authority Facilities Revenue Refunding Bonds, Series 2012B, issued under the Indenture.

"Series 2012C Bonds" means any of the Indiana Finance Authority Facilities Revenue Refunding Bonds, Series 2012C, issued under the Indenture.

"Series 2012A Supplemental Indenture" means the Series 2012A Supplemental Trust Indenture dated as of October 1, 2012, between the Authority and the Trustee, providing for, among other things, the issuance of the Series 2012A Bonds.

"Series 2012B Supplemental Indenture" means the Series 2012B Supplemental Trust Indenture dated as of October 1, 2012, between the Authority and the Trustee, providing for, among other things, the issuance of the Series 2012B Bonds.

"Series 2012C Supplemental Indenture" means the Series 2012C Supplemental Trust Indenture dated as of October 1, 2012, between the Authority and the Trustee, providing for, among other things, the issuance of the Series 2012C Bonds.

"State" means the State of Indiana.

"Subaccounts" means, as the case may be, each or all the Subaccounts created under the Indenture.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture adopted by the Authority pursuant to the Indenture.

"Tax-Exempt Bonds" means any Bonds which on the date of original issuance and delivery were the subject of an opinion of nationally recognized bond counsel that the interest thereon was excludable from gross income for federal income tax purposes under the Code.

"Trust Estate" means for any Facility and all related series of Bonds, (a) the proceeds of the sale of such Bonds; (b) the Net Revenues related to such Facility; and (c) the Pledged Funds, including the investments, if any, thereof; and the same are pledged and assigned under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, or any successor trustee under the Indenture.

"Use and Occupancy Agreement" means any Use and Occupancy Agreement made between the Authority and the Department of Administration and related to a designated Facility, including any further supplements or amendments thereto or renewals thereof.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE USE AND OCCUPANCY AGREEMENTS AND THE INDENTURE

Summary of Certain Provisions of the Use and Occupancy Agreements

The following is a brief summary of certain provisions of the Facility No. 7 Use and Occupancy Agreement, the Facility No. 8 Use and Occupancy Agreement and the Facility No. 9 Use and Occupancy Agreement, collectively referred to in this Appendix C as the "Use and Occupancy Agreement." This summary does not purport to be comprehensive and is qualified in its entirety by reference to the Use and Occupancy Agreement. When used in this summary, "Facility" or "Facilities" means the Evansville State Hospital Facility (Facility No. 7), the Logansport State Hospital Facility (Facility No. 8) and/or the Southeast Regional Treatment Center Facility (Facility No. 9), as described in the Official Statement under the caption "PLAN OF FINANCE." In addition, the terms of the Use and Occupancy Agreement may be amended from time to time in any respect not inconsistent with the requirements of the Indenture. Certain capitalized terms used under this caption are defined under "DEFINITIONS" in APPENDIX B. See also "Summary of Certain Provisions of the Indenture" below.

Term, Renewal

Under the Use and Occupancy Agreement, the Authority has covenanted to construct and equip the respective Facilities, and the Department of Administration has made certain undertakings (other than any obligation to make rental payments thereunder) as of the execution date. The Department of Administration's obligation to make rental payments for the respective Facilities (or portion thereof) and the term of the Use and Occupancy Agreement will commence from and after the date of the Department of Administration's acceptance of a completion certificate for the respective Facilities (or portion thereof), in accordance with the Use and Occupancy Agreement, and will extend through 12:01 a.m. on July 1 of the next succeeding odd numbered year. The Department of Administration has the right to renew the Use and Occupancy Agreement for successive two-year periods thereafter, and the term of the Use and Occupancy Agreement will be deemed to have been renewed for each such two-year period unless the Department of Administration delivers a termination notice during a specified period prior to the end of any two-year term. In the event funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy of the respective Facilities when due, the respective Facilities must be vacated and the Authority may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights under the Use and Occupancy Agreement.

Rentals

The Department of Administration is required by the Use and Occupancy Agreement to pay monthly rentals for the respective Facilities (or portion thereof) to the Authority on or before the tenth day of each month succeeding those months during which the respective Facilities (or portion thereof) is available for use and occupancy. Under the Act, required rental payments may not be unjust and unreasonable considering the value, of the services and facilities thereby afforded. In determining "just and reasonable" amounts to be paid for the use and occupancy of the respective Facilities, the Act specifically requires the Authority to impose and collect amounts that, in the aggregate, will be sufficient to: (a) pay the expenses of operation, maintenance and repair of the respective Facilities, to the extent that such expenses are not otherwise provided; and (b) leave a balance of revenues from the Facility to pay the principal and interest (including any reserve or sinking funds) on bonds or loans as they become due and retire such obligations at or before maturity. Rental payments under the Use and Occupancy Agreement are required to be sufficient: (1) to provide for the payment of all expenses to be paid by the Authority in administering the respective Facilities (or portion thereof) and in complying with the covenants of the Indenture, and all of the cost of insurance to be incurred as an expense of the Authority for the respective Facilities (or portion thereof); (2) to provide for the payment of Debt Service on all Bonds allocable to the respective Facilities (or portion thereof); (3) to provide for required deposits to any debt service reserve established under a Supplemental Indenture; and (4) to the extent authorized or permitted by law, to provide for costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for the respective Facilities (or portion thereof). In the event that the Facility (or portion thereof) is damaged or destroyed so as to be rendered unfit for use and occupancy, rental payments will be appropriately abated and, so long as the Authority has complied with its obligation under the Use and Occupancy Agreement to obtain and maintain insurance on the respective Facilities and the rental value thereof, the resulting rental deficiency will be satisfied, for at least twelve months, out of the proceeds from such insurance paid to and received by the Trustee for the period during which the respective Facilities (or portion thereof) is unfit for use and occupancy. Under the Use and Occupancy Agreement, the Department of Administration will be required to pay for all expenses of operation, maintenance and repair of the respective Facilities, other than expenses of the Authority in administering and maintaining insurance on the respective Facilities. However, to the extent that funds are available in the Replacement Reserve Fund under the Indenture, the Authority is required to pay the costs of all major, non-recurring maintenance, repairs, improvements, equipment and replacements for the respective Facilities to maintain the respective Facilities in good repair, working order and condition. Nothing in the Use and Occupancy Agreement requires the Authority to charge, or the Department of Administration to pay, rental payments in an amount which exceeds the amounts properly allocable to the respective Facilities (or a phase thereof) as a just and reasonable lease rental considering the value of the services and the respective Facilities (or portion thereof) thereby afforded.

Insurance

The Use and Occupancy Agreement requires the Authority to keep or cause the respective Facilities to be insured against loss or damage by fire and other causes customarily insured against under a standard extended coverage endorsement in an amount at least equal to the lesser of (a) the amount sufficient to provide for the payment or redemption of all Bonds allocable to the respective Facilities then outstanding under the Indenture or (b) 100% of the full replacement cost of the respective Facilities (subject to reasonable loss-deductible provisions). The Authority is also required to maintain in effect business interruption insurance against loss of rental income for a period of at least twelve months due to the damage or destruction and interruption of the use of all or a part of the respective Facilities for periods insured against under a standard extended coverage endorsement. In addition, the Authority is required to use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to person and property as are customary to be insured or reserved against for properties similar to the respective Facilities.

Purchase, Assignment

Under the Use and Occupancy Agreement, the Department of Administration has an option to purchase the respective Facilities at a price equal to the amount required to provide for the payment or redemption of all outstanding Bonds allocable to the respective Facilities, including all premiums payable on the redemption thereof and accrued and unpaid interest thereon, all in accordance with the Indenture, and to pay all expenses of the Authority attributable to the respective Facilities.

The Department of Administration may not assign any interest in or any right under the Use and Occupancy Agreement; however, the Department of Administration may sublet all or part of the respective Facilities to any other State agency. The Department of Administration will not be permitted to sublet all or any portion of the respective Facilities to other than a State agency without (a) the prior written consent of the Authority and (b) an opinion of nationally recognized bond counsel to the effect that such sublease or use of the respective Facilities will not result in a loss of the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds. The Authority may enter into an agreement with the Department of Administration or any other State agency to manage the respective Facilities, but may not enter into a management agreement with any other person (natural or otherwise) unless, in the opinion of nationally recognized bond counsel, such agreement will not result in a loss of the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

Tax Covenants, Appropriations

Under the Use and Occupancy Agreement, the Department of Administration covenants not to take any action or fail to take any action with respect to the use of the respective Facilities that would result in loss of the exclusion from gross income pursuant to the Code of interest paid on any Tax-Exempt Bonds. The Department of Administration also covenants under the Use and Occupancy Agreement to use its best efforts to obtain appropriations from the General Assembly to meet its rental payment obligations and its operation, maintenance and repair obligations.

Remedies

Under the Use and Occupancy Agreement, if the Department of Administration (a) fails to pay any rent when due, or (b) fails to observe any covenant, for a period of 30 days following written notice of such violation, the Authority may terminate the Use and Occupancy Agreement and/or take whatever action at law or in equity may appear necessary or desirable to enforce its rights, However, in the event funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy of the respective Facilities (or portion thereof), the respective Facilities (or portion thereof) must be vacated. Notwithstanding anything in the preceding sentence to the contrary, the Department of Administration will be obligated to make any rental payment due for any period (i) during which the respective Facilities (or portion thereof) is available for use and occupancy and (ii) for which funds have been appropriated by the General Assembly and are available to pay when due any sum agreed to be paid for use and occupancy of the respective Facilities. If the terms and conditions of the Use and Occupancy Agreement and the amounts to be paid thereunder for use and occupancy of the Facility are shown to be unjust and unreasonable in light of the factors set forth in the Act, (a) the Authority and the Department of Administration will, if authorized or permitted by law, be required to reduce such amounts so as not to be unjust and unreasonable, or (b), if such reduction is not authorized or permitted by law, the Department of Administration will not be obligated to continue to pay such amounts and will instead be required to vacate the Facility.

The Use and Occupancy Agreement contains no “cross-default” provision. For example, an “Event of Default” under the Use and Occupancy Agreement for any of the respective Facilities will not constitute an event of default under any other use and occupancy agreement relating to any other facility financed by the Authority, and vice versa.

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions contained in the Indenture. This summary does not purport to be comprehensive and is qualified in its entirety by reference to the Indenture. Certain capitalized terms used under this caption are defined under “DEFINITIONS” in APPENDIX B.

Creation of Funds, Accounts

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

1. the Construction Fund for each Facility, comprised of:

    (a) the Interest Account,

    (b) the Credit Repayment Account,

    (c) the Project Account, and

    (d) the Expense Account, including Subaccounts for each series of 2012 Bonds.

2. the Revenue Fund for each Facility;

3. the Operation and Maintenance Fund for each Facility;

4. the Debt Service Fund for each Facility, including the Series 2012A Interest Account, Series 2012A Principal Account, Series 2012B Interest Account, Series 2012B Principal Account, Series 2012C Interest Account and Series 2012C Principal Account;

5. the Replacement Reserve Fund for each Facility;

6. the Rebate Fund for each Facility; and

7. the General Fund for all facilities and all series of Bonds.

Deposit of Net Bond Proceeds, Revenues, Other Receipts

The Trustee will deposit the net proceeds from the sale of the Series 2012A Bonds to the following Funds, Accounts and Subaccounts as directed by the Authority on the date of issuance and sale of the Series 2012A Bonds:

(a) to the Series 2012A Escrow Fund for the purpose of refunding the Refunded Series 2003B Bonds; and

(b) to the Construction Fund for the Evansville State Hospital Facility – Series 2012A Expense Account, for the purpose of paying the costs of issuing the Series 2012A Bonds.

The Trustee will deposit the net proceeds from the sale of the Series 2012B Bonds to the following Funds, Accounts and Subaccounts as directed by the Authority on the date of issuance and sale of the Series 2012B Bonds:

(a) to the Series 2012B Escrow Fund for the purpose of refunding the Refunded Series 2004D Bonds; and

(b) to the Construction Fund for Logansport State Hospital Facility – Series 2012B Expense Account, for the purpose of paying the costs of issuing the Series 2012B Bonds.

The Trustee will deposit the net proceeds from the sale of the Series 2012C Bonds to the following Funds, Accounts and Subaccounts as directed by the Authority on the date of issuance and sale of the Series 2012C Bonds:

(a) to the Series 2012C Escrow Fund for the purpose of refunding the Refunded Series 2004E Bonds; and

(b) to the Construction Fund for Southeast Regional Treatment Center Facility – Series 2012C Expense Account, for the purpose of paying the costs of issuing the Series 2012C Bonds.

The Trustee will deposit all Gross Revenues for each Facility under the Indenture promptly upon receipt into the Revenue Fund for such Facility under the Indenture and will thereupon transfer amounts therein to the following funds in the following order of priority, subject to the further provisions of the Indenture, as described below:

(a) To the Operation and Maintenance Fund for such Facility, such amounts, if any, estimated by the Authority pursuant to the Indenture to be required, after consideration of amounts available in such Fund, to provide for the payment of expenses of operation, maintenance and repair of such Facility required to be paid by the Authority, under the applicable Affected Use and Occupancy Agreement or otherwise (including expenses of managing and administering the Facility and in complying with the covenants of the Indenture), through the end of the month beginning on the first day of the month following the month in which the transfer was made;

(b) To the Debt Service Fund for such Facility, such amount, if any, required to bring the balance in such Fund to a level equal to the Accrued Debt Service that will accrue through the end of the first day of the month following the month in which the transfer was made, subject to the further provisions of the Indenture;

(c) To the Rebate Fund, the amount, if any, required to be deposited therein in accordance with the related Rebate Memoranda;

(d) To the debt service reserve, if any is established for a series of Bonds, the amount, if any, required under the related Supplemental Indenture to bring the balance in such reserve to a level sufficient to satisfy the debt service reserve requirement under such Supplemental Indenture (no debt service reserve is established for or available to any series of the 2012 Bonds);

(e) To the Replacement Reserve Fund for such Facility, an amount equal to 1/72 of the amount, after considering the amount on deposit in such Fund on the first day of the then-current Fiscal Year, as the Authority has annually estimated to be required under the Indenture to provide for the costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for such Facility to be paid through the end of the sixth Fiscal Year following the end of the then-current Fiscal Year; and

(f) To the General Fund for such Facility, such amounts, if any, remaining in the Revenue Fund for such Facility after making all of the required transfers thereunder.

Construction Fund for each Facility

In accordance with the Indenture, amounts held in the various accounts of the Construction Fund for each Facility will be disbursed by the Trustee. From the Project Accounts and Expense Accounts therein, the Trustee will pay the amounts required to finance the Acquisition Costs of the Facility, including costs relating to the issuance of the Bonds. To request any payment for any of such purposes, the Authority must file a requisition with the Trustee, signed by an authorized officer of the Authority and stating the name and address of the person, firm, corporation or other entity to whom payment is due (which may be the Authority), the amount to be paid and the particular item of the cost to be paid. The requisition must also state that the cost of the obligation in the stated amount is a proper charge against the Project Account or the Expense Account which has not been previously paid.

The Indenture provides that, upon the receipt by the Trustee of a certificate of an authorized officer of the Authority, stating (1) the date of substantial completion of Acquisition of a Facility (or a phase thereof) and the amount if any, required in the opinion of such officer to be paid for any remaining Acquisition Costs of the Facility, and (2) that the Facility (or portion thereof) has been substantially completed in accordance with the applicable plans and specifications, the balance in the Project Account and the Interest Account in excess of such amount, if any, stated in such certificate will be deposited in the related Clearing Account.

In addition, the Indenture provides that, upon the filing of a certificate of a registered engineer experienced in prison construction matters, which is based on the then current status of construction of a Facility and on an examination of the contracts providing for the construction of a Facility, setting forth the amount necessary to complete the Acquisition of a Facility, including any reasonable or necessary contingencies, which certificate is approved by an authorized officer of the Authority, the balance of the Project Account in excess of the amount, if any, stated in such certificate will be deposited in the Clearing Account. In the event such a certificate of estimated completion cost is delivered to the Trustee, the Authority will cause such certificate to be recertified within 60 days prior to each six month anniversary of the date the initial certificate was delivered to the Trustee, revising the amount necessary to complete the Facility, if necessary. If the amount recertified in any such certificate of estimated completion cost results in an increase in the amount stated in the initial certificate, then, to the extent available moneys are at any time thereafter held in the Clearing Account, the Authority will direct the Trustee to transfer such available moneys to the Project Account to provide for the completion of such Facility.

The Trustee shall transfer amounts from the Clearing Account to the Fund or Account specified in the written instructions of an authorized officer of the Authority.

From the Interest Account for each Facility, the Trustee shall transfer amounts to the Paying Agent on or before the Business Day preceding each Interest Payment Date the amount required for payments of interest on the Bonds for such Facility up to and including the Projected Commencement Date (or the respective Projected Commencement Date for Acquisition of a portion of such Facility). At the direction of the Authority, the Trustee will transfer from the Interest Account to the Clearing Account any amounts remaining in such Interest Account after the Commencement Date for the Facility. To the extent funds in the Interest Account for a Facility are not sufficient to pay the interest on the Bonds prior to the Commencement Date of such Facility (or a phase thereof), an Authorized Officer of the Authority shall direct the Trustee to pay such interest from the Construction Fund for such Facility.

Operation, Maintenance Fund for the Facility

Upon delivery to the Trustee of written instructions executed by an authorized officer of the Authority, amounts in the Operation and Maintenance Fund for each Facility will be applied by or on behalf of the Authority to the payment of expenses of operation, maintenance and repair of such Facility to the extent required to be paid by the Authority pursuant to its obligations under the applicable Use and Occupancy Agreement or otherwise, including expenses of managing and administering such Facility and complying with the Indenture. Any amounts held in the Operation and Maintenance Fund for a Facility are not available to be pledged or used for any other purpose, including payment of the Bonds.

Debt Service Fund for Each Facility – Generally

The Indenture requires that out of the Debt Service Fund for each Facility, the Trustee will disburse to the Paying Agent (a) on or before the Business Day preceding each Interest Payment Date for any of the Bonds, the amount of interest payable on such date; (b) on or before the Business Day preceding each Principal Installment due date, the amount of the Principal Installment payable on such due date; and (c) on or before any redemption date for the Bonds, the amount required for the payment of the redemption price, plus accrued interest to the redemption date. Such amounts will, in turn, be applied by such Paying Agent on and after the due dates thereof to pay principal and interest on the Bonds. The Trustee will also pay out of the Debt Service Fund for such Facility the accrued interest included in the purchase price of the Bonds purchased for retirement.

Amounts accumulated in the Debt Service Fund for such Facility for a sinking fund installment for a series of Bonds (together with amounts accumulated therein with respect to interest on such Bonds) may, and if so directed by the Authority shall be applied by the Trustee, on or prior to the 40th day preceding the due date of such sinking fund installment to (a) the purchase of such Bonds of the maturity and interest rate within each maturity for which such sinking fund installment was established or (b) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms. Purchases of Bonds must be made by the Trustee, at the direction of the Authority, at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest. The applicable sinking fund redemption price (or principal amount of maturing Bonds), plus accrued interest, of any Bonds so purchased or redeemed will be deemed to constitute part of the Debt Service Fund for such Facility until such sinking fund installment date, for the purpose of calculating the amount of such Fund. As soon as practicable after the 40th day preceding the due date of any such sinking fund installment, the Trustee will proceed to call for redemption on such due date Bonds of the maturity and interest rate within each maturity for which such sinking fund installment was established (except in the case of Bonds maturing on a sinking fund installment date), in such amount as may be necessary to complete the retirement of the unsatisfied balance of such sinking fund installment after making allowances for any Bonds purchased or redeemed (other than pursuant to a mandatory sinking fund redemption applicable to such Bonds) that the Authority has directed the Trustee to apply as a credit against such sinking fund installment as provided in the Indenture. Out of the Debt Service Fund for each Facility, the Trustee will pay to the Paying Agent on or before such redemption date (or maturity date), the amount required for the redemption of such Bonds so called for redemption (or for the payment of Bonds then maturing), and such amount will be applied by the Paying Agent to such redemption (or payment).

In the event that the Bonds are to be refunded, the Authority may direct the Trustee to withdraw from the Debt Service Fund for each Facility all or any portion of the amounts accumulated therein with regard to debt service on the Bonds to be refunded and will deposit such amounts in such Funds or Accounts as required by the Indenture.

Debt Service Reserve

The Authority may, at its option, establish a debt service reserve and a debt service reserve requirement for a Series of Bonds in a Supplemental Indenture. No debt service reserve is established for, or available to, the 2012 Bonds.

Replacement Reserve Fund for each Facility

Upon the instruction or request of the Authority pursuant to the Indenture, the Trustee will disburse amounts in the Replacement Reserve Fund for each Facility, as follows:

(a) For payment of the costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for such Facility;

(b) To a related Fund or Account to the extent of any deficiencies therein; and

(c) To the General Fund, any amounts in excess of that needed to pay costs of major nonrecurring maintenance and repairs for such Facility.

General Fund for All Facilities, Bonds

Upon delivery of written instructions executed by an authorized officer of the Authority, the Trustee will disburse amounts in the General Fund from time to time as follows and in the following order of priority.

First, to the other Funds and Accounts under the Indenture, pro rata to the extent of any deficiencies therein and in the priority established for distribution of moneys generally under the Revenue Fund.

Second, to the Authority, (a) for the payment of Authority expenses related to a facility, (b) to the payment of any refund to any person, including the Department of Administration, of any rents, rates, fees or charges received by the Authority from such person for use and occupancy of a facility, or (c) for any lawful purpose of the Authority as determined by resolution of the Authority.

Rebate Fund for each Facility

The Trustee is required to pay to the Rebate Fund for each Facility such amounts, if any, from such Funds and Accounts under the Indenture as are required pursuant to the Rebate Memorandum. Amounts in the Rebate Fund, other than any excess amounts which may be authorized to be transferred to a Fund or Account under the Indenture at the written direction of an authorized officer of the Authority, will be held by the Trustee for payment to the United States Government, as required pursuant to such Rebate Memorandum. The Trustee will make such payments or otherwise disburse amounts in the Rebate Fund at such times and in such amounts as may be required pursuant to such Rebate Memorandum.

Investments

Moneys held in the Revenue Funds, the Operation and Maintenance Funds, the Debt Service Funds, the Replacement Reserve Funds, the Rebate Funds and the General Funds will be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities (as defined in the Indenture), maturing not later than such times as may be necessary to provide moneys for payments required to be made from such Funds. Moneys held in the Construction Funds may be invested and reinvested by the Trustee in Investment Securities maturing not later than such times as may be necessary to provide moneys when needed to provide payments from such Fund (as indicated in a written draw-down schedule provided by the Authority).

Earnings on any moneys or investments in all Funds, Accounts and Subaccounts established under the Indenture will be retained in the respective Funds, Accounts and Subaccounts for the purposes provided therein, all subject to the provisions of the Indenture governing the Rebate Fund; except that earnings on all Accounts of each Construction Fund (except an Interest Account) and any debt service reserve will be deposited in the applicable Project Account prior to the Commencement Date for the Facility.

In computing the amount in any Fund, Account or Subaccount created under the Indenture for any purpose provided in the Indenture, obligations purchased as an investment of moneys in such Fund, Account or Subaccount will be valued at the amortized cost of such obligations, determined in accordance with the Indenture; provided that an authorized officer of the Authority, in its discretion, may direct the Trustee in writing to use the fair market value method of valuation from time to time.

Annual Budgets

On or before the first day of August of each year while Bonds are outstanding, the Authority shall prepare and file with the Trustee its proposed annual budget forecast for the ensuing two Fiscal Years which shall set forth in reasonable detail with respect to each Facility: (i) the estimated Gross Revenues for such Fiscal Years; (ii) to the extent the Authority is obligated under the applicable Use and Occupancy Agreement or otherwise, to operate, maintain or repair the Facility or any portion thereof at its expense, the expenses of operation, maintenance and repair estimated to be incurred as an expense of the Authority pursuant to the Use and Occupancy Agreement or otherwise for the Facility or such portion thereof for such Fiscal Years; (iii) the estimated expenses of the Authority in complying with the covenants of the Indenture and the estimated expenses of the Authority in managing and administering the Facility; (iv) the estimated Debt Service for such Fiscal Years; (v) the required deposits, if any, to any debt service reserve for such Fiscal Years; and (vi) the estimated costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for the Facility for such Fiscal Years. In the event the proposed annual budget forecast for any Fiscal Year forecasts a deficiency in the Net Revenues for such Facility resulting from the funds appropriated for such Fiscal Year to the Department of Administration or any other State agency for the payment of the Department of Administration's or other State agency's obligations under the Use and Occupancy Agreement, the Authority shall cause a budget request to be made at the next session of the General Assembly to cure such deficiency.

As soon as available after the end of each legislative session of the State during an odd-numbered year, but in any event prior to the beginning of the ensuing Fiscal Year, the Authority shall prepare and file with the Trustee the annual budgets adopted by the Authority for the ensuing two Fiscal Years for each Facility which shall set forth in reasonable detail: (i) the estimated Gross Revenues for such Fiscal Years; (ii) to the extent the Authority is obligated under the Use and Occupancy Agreement or otherwise, to operate, maintain or repair the Facility or any portion thereof at its expense, the expenses of operation, maintenance and repair estimated to be incurred as an expense of the Authority pursuant to the Use and Occupancy Agreement or otherwise for the Facility or portion thereof for such Fiscal Years; (iii) the estimated expenses of the Authority in complying with the covenants of the Indenture and the estimated expenses of the Authority in managing and administering the Facility; (iv) the estimated Debt Service for such Fiscal Years, (v) the required deposits, if any, to any debt service reserve for such Fiscal Years; and (vi) the estimated costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for the Facility for such Fiscal Years. As soon as possible after the end of each legislative session of the State during an even-numbered year, but in any event prior to the beginning of the ensuing Fiscal Year, the Authority shall prepare and file with the Trustee the annual budget adopted by the Authority for the ensuing Fiscal Year which shall set forth those matters required by the preceding sentence for such Fiscal Year. The Authority also may at any time adopt an amended annual budget for the remainder of the then current Fiscal Year.

Annual Audits

As soon as available after the end of each Fiscal Year, so long as any Bonds are outstanding, the Authority will file with the Trustee the general purpose financial statements of the Authority as prepared for such Fiscal Year, together with the accompanying opinion of the State Board of Accounts. If such statements are audited by an independent auditor, the Authority will file such financial statements, together with the auditor's report, with the Trustee within 120 days after the end of such Fiscal Year.

Operation, Maintenance, Repair of Facility

The Indenture requires that the Authority must at all times (1) operate or cause the Facility to be operated properly and in an efficient and economical manner and (2) maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and (3) from time to time make, or use its best efforts to cause to be made, all necessary or proper repairs, replacements and improvements so that at all times the operation of the Facility may be properly and advantageously conducted.

Rents, Rates, Fees, Charges

The Authority will fix, establish and maintain rents, rates, fees and charges that are reasonably expected to yield Gross Revenues during each Fiscal Year in which each Facility or any portion thereof is available for use and occupancy in an amount which, together with any available amounts in the Construction Fund, is equal to at least: (a) in the event the Authority is obligated under the applicable Use and Occupancy Agreement or otherwise to operate, maintain or repair the Facility or any portion thereof at its expense, 100% of the expenses of operation, maintenance and repair to be incurred as an expense of the Authority (under the Use and Occupancy Agreement or otherwise) for such Fiscal Year for the Facility or any portion thereof; (b) 100% of the expenses to be incurred by the Authority in managing and administering the Facility or such portion thereof and in complying with the covenants of the Indenture; (c) 100% of the Debt Service under the Indenture for such Fiscal Year; (d) 100% of the required deposits, if any, to any debt service reserve during such Fiscal Year; and (e) one-sixth of such amount as annually estimated by the Authority, after considering the amount on deposit in the Replacement Reserve Fund under the Indenture on the first day of such Fiscal Year, to provide for the costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for the Facility or portion thereof to be incurred through the end of the sixth Fiscal Year commencing on the first day of such Fiscal Year. Notwithstanding the foregoing, the Department of Administration has the right not to renew its obligations at the end of any term under each Use and Occupancy Agreement, thereby terminating such Use and Occupancy Agreement and the Department's right to the use and occupancy of such Facility, without affecting its right to use and occupy any other Facility under any other use and occupancy agreement between the Authority and the State.

The Indenture provides that, to the extent permitted by law and subject to the Indenture, including the Authority's tax covenants, the Authority may lease a portion of the Facility to an entity which is not a State agency. Also, to the extent permitted by law, the Authority will enforce the payment of any and all accounts owing to the Authority by reason of its ownership and operation of such Facility.

The Authority will use its best efforts to cause the General Assembly to appropriate to or for the benefit of the Department of Administration and each State agency obligated to pay rentals on account of the leasing by the Department of Administration or such agency of space in each Facility pursuant to the Use and Occupancy Agreement moneys sufficient to enable the Authority to comply with its obligations under the Indenture. The Indenture requires that each Use and Occupancy Agreement must provide that the Department of Administration or any State agency subleasing thereunder must use its best efforts to cause the General Assembly to appropriate moneys sufficient to enable the Authority to comply with its obligations under the Indenture.

In the event the Department of Administration is required to vacate any Facility or any portion thereof because funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy when due pursuant to the applicable Use and Occupancy Agreement or because the Department of Administration elects not to renew such Use and Occupancy Agreement at the end of any term, the Authority will use its best efforts to cause the Facility or-portion thereof to be leased to generate moneys sufficient to enable the Authority to comply with its obligations under the Indenture, subject to the requirements for any such leasing under the Indenture. See "Tax Covenants" below.

Insurance, Completion of Performance

The Authority will at all times keep, or cause to be kept, each Facility insured against loss or damage by fire and from other causes customarily insured against under a standard extended coverage endorsement in an amount at least equal to the lesser of (a) the amount sufficient to provide for the payment or redemption of the then outstanding Bonds or (b) 100% of the full replacement cost of the Facility; provided, however, such insurance may contain a reasonable loss deductible clause. In addition, the Authority will at all times use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the Facility.

The Authority must maintain or cause to be maintained such performance bond or performance insurance with respect to contracts it may enter into for the Acquisition of the Facility as is usually maintained by those Acquiring properties similar to the Facility.

The Authority will at all times maintain or cause to be maintained business interruption loss insurance to insure against loss of projected annual rental income payable pursuant to the Use and Occupancy Agreement or any other lease of any Facility or portion thereof, for such time (being at least for a period of twelve months) as use of the Facility or portion thereof is interrupted by damage or destruction from perils insured against under a standard extended coverage endorsement. Such insurance will also be carried with respect to any portion of any Facility not then occupied pursuant to the Use and Occupancy Agreement in an amount equal to the fair rental value of such portion, all as are reasonably necessary to meet its obligations under the Indenture.

The Authority will use its best efforts to maintain or cause to be maintained any additional or other insurance as it deems necessary or advisable to protect the interests of the Authority and the owners of the Bonds.

Policies or contracts for insurance must be in a form and with insurers of good standing or with an insurance group or state insurance pool acceptable to the Trustee and will be payable to the Trustee for the benefit of the Trustee and the Authority. Performance bonds must be in a form and with an issuer acceptable to the Trustee and will be payable to the Trustee for the benefit of the Trustee and the Authority.

If (a) the performance of any contract for the construction of any Facility is not completed in accordance with its terms and (b) in the opinion of an independent registered architect or registered engineer who is acceptable to the Trustee, the cost of completion of such performance will not exceed the amount of proceeds from any performance bond or performance insurance to be received by reason of such noncompletion of performance, together with other available funds (including proceeds from any Series of Bonds issued for such purpose), then the Authority will continuously and diligently complete or cause to be completed such performance as expeditiously as possible.

Damage, Destruction

If any Facility is damaged or destroyed and, in the opinion of an independent registered architect or registered engineer who is acceptable to the Trustee, (a) the cost of such repair, replacement or reconstruction will not exceed the amount of insurance proceeds to be received by reason of such damage or destruction and other amounts available therefor (including, but not limited to, proceeds from any Series of Bonds which may be authorized and issued Under the Indenture for such purpose), and (b) such repair, replacement or reconstruction can be completed within the period covered by the rental value, insurance or other amounts available therefor (including, but not limited to, proceeds from any Series of Bonds which may be issued for such purpose), the Authority must, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted repair, reconstruction or replacement thereof; provided, if such conditions are not met in the event of total or substantial destruction of the Facility, the Authority will request the Trustee to redeem the allocable Bonds from the available proceeds pursuant to the extraordinary redemption provisions of the Indenture. The Indenture provides that within 120 days after either the noncompletion of performance of any contract for Acquisition of the Facility or the occurrence of an event of damage or destruction to the Facility, the Authority must deliver to the Department of Administration and the Trustee the appropriate written opinion of the architect or engineer referred to in the preceding sentences, stating whether the required conditions have been satisfied. The proceeds from any performance bond or performance insurance paid on account of noncompletion of performance and the proceeds from any insurance paid on account of such damage or destruction (other than any business interruption loss insurance) will be deposited with and held by the Trustee in the Construction Fund for such Facility and made available for, and to the extent necessary be applied to, the costs of such completion of performance or such repair, reconstruction or replacement. Pending application, such proceeds may be invested by the Trustee in Investment Securities which mature not later than such times as may be necessary to provide moneys when needed to pay such costs.

Interest earned on such investments will be deposited in the Revenue Fund for the Facility. If the Authority notifies the Trustee that the proceeds from insurance paid on account of damage or destruction will be applied to redeem Bonds in accordance with the Indenture, then such proceeds will be applied by the Trustee in accordance with the Indenture. Otherwise, such proceeds shall be applied to the cost of repair, reconstruction or replacement as described above. If proceeds are held in any Construction Fund for the costs of completing performance or repair, reconstruction or replacement, the Authority will notify the Trustee of completion of performance or of costs of the completion of the repair, reconstruction or replacement in writing. The Trustee will apply such balance of funds in the Construction Fund to remedy the deficiencies in any of the related Funds and Accounts, and if there exists no such deficiency or if such proceeds exceed the amount necessary to remedy such deficiency, such proceeds or the excess thereof, as the case may be, will be applied to any lawful purpose of the Authority. In the event the Authority has failed to complete such performance or failed to repair, replace or reconstruct the damaged or destroyed Facility or has abandoned or failed to prosecute such completion or action diligently, the Trustee may, in its discretion, complete such performance or make such repairs, replacements or reconstructions and enter upon the premises of the Facility to the extent necessary to accomplish such purpose. However, the Trustee will not be obligated to complete or cause the completion of such performance or make any such repairs, replacements or reconstructions unless (a) it has been requested to do so by the holders of not less than ten percent in aggregate principal amount of all Bonds then outstanding and (b) it has been indemnified, to its satisfaction, against any loss, damage or expense which it might thereby incur.

All proceeds of business interruption loss insurance maintained and received under the Indenture will be paid into the Revenue Fund for the Facility.

Additional Bonds

One or more Series of Additional Bonds may be issued without limitation as to amount and at any time for the purpose of paying Acquisition Costs of any Facility or refinancing an obligation (other than Bonds) used to pay such cost. Such Additional Bonds will be authenticated and delivered by the Bond Registrar only upon receipt by the Trustee (in addition to other documents required by the Indenture) of:

(a) a certificate of an Authorized Officer of the Authority, stating that the Use and Occupancy Agreement for such Facility will provide sufficient Gross Revenues to provide for the payment with respect to all Bonds;

(i) to the extent the Authority is obligated under the Use and Occupancy Agreement or otherwise to operate, maintain or repair the Facility or portion thereof at its expense, the expenses of operation, maintenance and repair incurred and expected to be incurred as an expense of the Authority pursuant to the Use and Occupancy Agreement or otherwise during each such Fiscal Year (or applicable portion thereof) for the Facility or portion thereof, including expenses incurred by the Authority in managing and administering the Facility or portion thereof;

(ii) the Debt Service for all Bonds related to such Facility;

(iii) the required deposits, if any, to any debt service reserve related to the Facility; and

(iv) to the extent authorized or permitted by the Act, for each such Fiscal Year, one-sixth (1/6) of such amount as the Authority annually estimates is required, together with amounts on deposit in the Replacement Reserve Fund under the Indenture on the first day of each such Fiscal Year, to provide for the costs of major non-recurring maintenance, repairs, improvements, equipment and replacements for such Facility incurred and expected to be incurred through the end of the sixth Fiscal Year commencing on the first day of each such Fiscal Year (or applicable portion thereof);

(b) a certificate of the Chairman or the Secretary of the Authority stating that:

(i) sufficient funds will be paid into the Debt Service Fund or the Construction Fund to provide for the Debt Service for the Bonds to be issued until such time as rental rates providing sufficient Net Revenues will begin to be paid to the Authority pursuant to the Use and Occupancy Agreement; and

(ii) sufficient funds will be paid into any debt service reserve to provide for the related debt service reserve requirement.

If Additional Bonds are proposed to be issued to complete, improve, renovate, refurbish or alter the Facility, the Use and Occupancy Agreement must be amended to reflect the issuance of such Additional Bonds.

Refunding Bonds

One or more Series of Refunding Bonds may be issued at any time to refund outstanding Bonds or any portion of outstanding Bonds. Refunding Bonds may be issued in a principal amount sufficient, together with other moneys available therefor, to effect such refunding and to make the deposits in the Funds and Accounts related to the Refunding Bonds only upon receipt by the Trustee, in addition to other documents required by the Indenture, of the following:

(a) instructions satisfactory to the Trustee to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of the Indenture;

(b) if the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, instructions satisfactory to the Trustee to make due publication of the notice provided for in the Indenture to the holders of the Bonds being refunded; and

(c) either (i) moneys in an amount sufficient to effect payment at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys will be held by the Trustee or the Paying Agent in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded, or (ii) Defeasance Securities (defined in the Indenture) in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as may be necessary to comply with the Indenture, which Defeasance Securities and moneys will be held in trust and used only as provided therein.

Extension of Payment of Bonds

The Authority will not extend or assent to the extension of the maturity of any Bonds or the time of payment of any claims for interest by the funding of any Bonds or claims for interest or by any other arrangement and, in case the maturity of any Bonds or the time for payment of any such claims for interest is extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to any payment out of moneys held and pledged under the Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Indenture) held by any Fiduciary, except subject to the prior payment of the principal of all Bonds outstanding, the maturity of which has not been extended, and of such portion of the accrued interest on such Bonds as is not represented by such extended claims for interest. Any issuance of Refunding Bonds is not, and may not be deemed to be, an extension of the maturity of any other Bonds.

Payment of Taxes, Charges

The Authority from time to time shall duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, if any, or required payments in lieu thereof, lawfully imposed upon any Facility or upon the rights, revenues, income, receipts and other moneys, securities and funds of the Authority with respect to the Facility when the same become due (including all rights, moneys and other property transferred, assigned or pledged under the Indenture), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority may in good faith contest by proper legal proceedings, if the Authority has, in all such cases, set aside on its books reserves deemed adequate with respect thereto.

Tax Covenants

In the Indenture, the Authority agrees that it will make no use of proceeds of any Tax-Exempt Bonds, or of amounts which may be treated as proceeds thereof, which could cause such Tax-Exempt Bonds to be or become "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provisions.

The Authority covenants that it will not take any action or fail to take any action with respect to the proceeds of any Bonds or ownership or use of any Facility or any portion thereof that would result in loss of the exclusion from gross income for federal income tax purposes of interest paid on any Tax-Exempt Bonds.

Defaults, Remedies

Definition. If for any Facility or the Bonds related to the Facility one or more of the following Events of Default (or any additional Event of Default set forth in a Supplemental Indenture) happens:

(a) a default is made in the due and punctual payment of the principal or redemption price of any Bond when and as the same becomes due and payable, whether at maturity or by call or proceedings for redemption, or otherwise;

(b) a default is made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any sinking fund installment (except when such sinking fund installment is due on the maturity date of such Bond), when and as such interest installment or sinking fund installment becomes due and payable;

(c) a default is made by the Authority in the performance or observance of any other of the covenants, agreements or conditions in the Indenture or to the Bonds, and such default has continued for a period of 60 days after written notice specifying such default, requiring that it be remedied and stating that such notice is a "Notice of Default" under the Indenture shall have been given to the Authority by the Trustee or to the Authority and the Trustee by the holders of not less than 25% in principal amount of the Bonds outstanding; or

(d) a court having jurisdiction in the premises enters a decree or order providing for relief in respect of the Authority in an involuntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Authority for any substantial part of the property of the Authority, or ordering the winding-up or liquidation of its affairs, and such decree or order remains unstayed and in effect for a period of 90 days;

then, and in each and every such case, so long as such event of default has not been remedied, unless the principal of all the Bonds has already become due and payable, the Trustee may or, upon the direction of the holders of not less than 25% in principal amount of such Bonds then outstanding (by notice in writing to the Authority and the Trustee), must declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable; provided, however, the principal of and interest on any Series of Bonds may not be declared immediately due and payable without the prior written consent of the provider of a Credit Facility with respect to such Series to the extent provided for in the Supplemental Indenture under which such Series of Bonds is issued. The right of the Trustee or of the holders of not less than 25% in principal amount of the Bonds outstanding to make any such declaration, however, is subject to the condition that if, at any time after such declaration, but before such Bonds have matured by their terms, all overdue installments of interest on such Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Indenture (except the principal of and interest accrued since the next preceding interest date on such Bonds due and payable solely by virtue of such declaration) have either been paid by or for the account of the Authority, or provisions satisfactory to the Trustee have been made for such payment, and all defaults under such Bonds or under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) have been made good or been secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then and in every such case the holders of 25% in principal amount of such Bonds outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee has acted itself, and if there has not been theretofore delivered to such Trustee written direction to the contrary by the holders of 25% in principal amount of such Bonds outstanding, then any such declaration will ipso facto be deemed to be rescinded and any such default will ipso facto be deemed to be annulled, but no such rescission or annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Upon the occurrence of any Event of Default for any Facility, so long as such Event of Default has not been remedied, and upon the demand of the Trustee, the Authority will account, as if the Authority were the trustee of an express trust, for all Net Revenues and other moneys, securities and funds pledged or held under the Indenture for the period stated in the Trustee's demand.

Application of Revenues, Other Moneys. During the continuance of an Event of Default for a Facility, the Trustee will (a) request that the Authority immediately release to the Trustee all Net Revenues for such Facility then held by the Authority and (b) apply the Trust Estate held by it pursuant to the Indenture (except for the moneys, securities and funds held in the Rebate Fund under the Indenture which will continue to be used for the purpose therein) or received by it pursuant to any right given or action taken under the Indenture as follows and in the following order:

(i) Expenses of Fiduciaries – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries for such Bonds;

(ii) Rebate – to the payment of any rebate obligation for such Bonds owed under Section 148 of the Code, to the extent sufficient funds are not available in the Rebate Fund;

(iii) Principal or Redemption Price and Interest – to the payment of the interest and principal or redemption price then due on such Bonds outstanding, as follows:

(a) unless the principal of all of such Bonds has become or has been declared due and payable,

FIRST: Interest — To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on such Bonds theretofore called for redemption, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: Principal or Redemption Price — To the payment to the persons entitled thereto of the unpaid principal or redemption price of any such Bonds which have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amount of principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference;

(b) if the principal of all of such Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal, interest-or premium, if any, over the other, or of any installment of interest over any other installment of interest or of any such Bond over any other such Bond or of any Series over any other Series under the Indenture, ratably, according to the amounts due respectively for principal, interest and premium, if any, to the persons entitled thereto without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;

(iv) Replacement Reserve Expenses – to the payment of the amounts required for reasonable and necessary costs of major non-recurring maintenance, repairs, improvements, equipment or replacements of the Facility necessary in the judgment of the Trustee to prevent a loss of Gross Revenues for such Facility under the Indenture;

(v) Subordinated Indebtedness – to the payment of principal, redemption price and interest then due on subordinated indebtedness of the Authority.

If and whenever all overdue installments of interest on all such Bonds outstanding, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the Authority under the Indenture, including the principal and redemption price of and accrued unpaid interest on all such Bonds which are then payable, have either been paid by or for the account of the Authority, or provision satisfactory to the Trustee has been made for such payment, and all defaults under the Indenture or such Bonds have been made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, the Trustee will pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the Indenture to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee will be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the Authority by the Trustee and no such restoration of the Authority and the Trustee to their former positions and rights will extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Proceeding by Trustee. Upon the occurrence of an Event of Default for any Facility, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the holders of not less than 25% in principal amount of the Bonds outstanding for such Facility, so long as such event of default has not been remedied, must proceed, to protect and enforce its rights and the rights of the holders of the Bonds forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant therein contained, or in aid of the execution of any power therein granted or any remedy granted under the Act or for an accounting against the Authority as if either were the trustee of an express trust or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel deems to be the most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action may be enforced by the Trustee without the possession of any of such Bonds or the production thereof on the trial or other proceedings, and the Trustee will bring any such suit or proceedings in its name.

The holders of not less than a majority in principal amount of such Bonds at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, that the Trustee will have the right to decline to follow any such direction if: (a) the Trustee is advised by counsel that the action or proceeding so directed may not lawfully be taken; (b) the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability, unless such holders agree to indemnify the Trustee against such liability and post bond in respect of such indemnity; or (c) the Trustee in good faith determines that the action or proceeding so directed would be unjustly prejudicial to the related holders of such Bonds not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee will be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any event of default.

Regardless of the happening of an event of default under the Indenture, the Trustee will have power to, but unless requested in writing by the holders of 25% in principal amount of such Bonds then outstanding, and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised are necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised are necessary or expedient to preserve or protect its interest and the interests of the holders of Bonds outstanding.

Rights, Remedies. No holder of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such holder has previously given to the Trustee written notice of the happening of any event of default and the holders of at least 25% in principal amount of such Bonds then outstanding have filed a written request with the Trustee, and have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or to institute such action, suit or proceeding in its own name, and unless such holders have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more holders of Bonds outstanding will have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all holders of the Bonds outstanding subject only to the provisions respecting extension of payment of such Bonds.

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each registered owner of Bonds then outstanding at such owner's address, if any, appearing on the registration books of the Authority.

Nonexclusivity of Remedies. No remedy conferred upon or reserved to the Trustee or the holders of Bonds outstanding is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under or existing at law, including under the Act, or in equity or by statute on or after the date of execution and delivery of the Indenture.

Waiver of Events of Default. No delay or omission of the Trustee or any holder of any Bonds outstanding to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or will be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given to the Trustee or to Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Prior to the acceleration of maturity of the Bonds, the holders of not less than a majority in aggregate principal amount of the Bonds in Default then outstanding under the Indenture, or their attorneys-in-fact duly authorized, may on behalf of the holders of all the Bonds outstanding waive any past Default and its consequences, except a Default in the payment of interest on or principal of or premium, if any, on any of the Bonds outstanding. No such waiver will extend to any subsequent or other Default or impair any other right.

Supplemental Indentures, Amendments

The Authority may without the consent of the Trustee or any of the owners of Bonds enter into any Supplemental Indenture, effective upon certification by the Chairman or Secretary of the Authority and filing with the Trustee, for any one or more of the following purposes:

(a) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidence of indebtedness;

(b) to add other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture;

(c) to add additional events of default under the Indenture;

(d) to authorize a Series of Bonds;

(e) with the prior written opinion of nationally recognized bond counsel to the effect that to do so will not affect the excludability of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes, to authorize, in accordance with the Indenture and in compliance with all applicable laws, Bonds of each Series to be issued in the form of coupon Bonds registrable as to principal only;

(f) to authorize, in accordance with the Indenture and in compliance with all applicable law, Bonds of any Series to be issued in the form of Bonds issued and held in book-entry form on the books of the Authority or any Fiduciary appointed for that purpose by the Authority;

(g) to authorize subordinated indebtedness of the Authority in accordance with the Indenture;

(h) to confirm, as further assurance, any security interest, pledge or assignment under the Indenture of the Trust Estate or of any other real or personal property or other rights, or to add to any security interest, pledge or assignment created or to be created by the Indenture any real or personal property or other rights;

(i) to modify any of the provisions of the Indenture in any other respect whatever; provided that (a) such modification must be, and be expressed to be, effective only after all Bonds of each Series outstanding at the date of the adoption of such Supplemental Indenture cease to be outstanding, and (b) such Supplemental Indenture must be specifically referred to in the text of all

Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(j) to appoint or remove the Trustee;

(k) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(l) to modify, amend or supplement the Indenture or any Supplemental Indenture to permit the issuance of Bonds and subordinated indebtedness in the form of debt instruments not then described by the Indenture, including, but not limited to, debt instruments bearing interest subject to federal income taxation under the Code;

(m) to modify, amend or supplement the Indenture to the extent necessary to enable the Authority to comply with its tax covenants;

(n) to make any other modification or amendment of the Indenture which the Authority determines in good faith will not have a material adverse effect on the interests of the Bondholders; or

(o) to authorize financial products, including, but not limited to, forwards, hedges, swaps, of any kind or description and, in connection therewith, specify and determine such matters and things relative thereto.

In addition, the Authority may, with the consent of the Trustee, but without the consent of any of the owners of Bonds, enter into any Supplemental Indenture, effective upon certification by the Chairman or the Secretary of the Authority and filing with the Trustee, for any one or both of the following purposes, if such would not materially adversely affect the interests of Bondholders:

(a) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture; or

(b) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect.

The Indenture provides that any other modification or amendment of the Indenture and of the rights and obligations of the Authority (including without limitation any modification or amendment of the Authority's tax covenants under the Indenture), and of the holders of the Bonds thereunder, in any particular, may be made in accordance with the notice and other requirements of the Indenture by a Supplemental Indenture, with the written consent given as provided in the Indenture (a) of the holders of not less than a majority in principal amount of such Bonds outstanding at the time such consent is given, (b) in case less than all of the several Series of such Bonds then outstanding are affected by the modification or amendment, of the holders of not less than a majority in principal amount of such Bonds of each Series so affected and outstanding at the time such consent is given, and (c) in case the modification or amendment changes the terms of any sinking fund installment, of the holders of not less than a majority in principal amount of such Bonds of the particular Series and maturity entitled to such sinking fund installment and outstanding at the time such consent is given. Bonds owned or held by or for the account of the Authority will not be deemed outstanding for purposes of calculating consent or other action by owners of outstanding Bonds. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment or change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. No modification will be deemed effective to change any right or obligation of the Trustee or any other Fiduciary without the written consent of such Fiduciary. A Series of Bonds will be deemed to be affected by a modification or amendment of the Indenture if such modification or amendment adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee has the authority to determine conclusively whether any particular Series or maturity of Bonds would be adversely affected by any such modification or amendment.

Defeasance

If the Authority pays or causes to be paid, or there has otherwise been paid, to the holders of all Bonds outstanding the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in such Bonds and in the Indenture, then the pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to such Bondholders will thereupon cease, terminate and become void and be discharged and satisfied. If the Authority pays or causes to be paid, or there has otherwise been paid, to the holders of any outstanding Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds will cease to be entitled to any benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority to the holders of such Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

Bonds will be deemed to have been paid within the meaning and with the effect expressed above if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Trustee instructions accepted in writing by the Trustee to mail as provided in the Indenture notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee prior to the mailing of such notice of redemption) on such date, (b) there have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of Administration of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which together with the moneys, if any, on deposit with the Trustee at the same time, are sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority has given the Trustee in form satisfactory to it instructions to mail as soon as practicable, a notice to the holders of such Bonds at their last addresses appearing upon the registration books at the close of business on the last Business Day of the month preceding the month for which notice is mailed that the deposit required by clause (b) above has been made by the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are expected, subject to the Indenture, to be available for the payment of the principal or redemption price, if applicable, on such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee prior to the mailing of the notice of redemption referred to in clause (a) above).

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APPENDIX D

PROPOSED OPINIONS OF BOND COUNSEL

____________, 2012

Indiana Finance Authority
Indianapolis, Indiana

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

Re: Indiana Finance Authority
Facilities Revenue Refunding Bonds, Series 2012A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Finance Authority (the "Authority") of $__________ aggregate principal amount of its Facilities Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds"), under and pursuant to (i) the Amended and Restated Trust Indenture dated as of January 1, 1998, as heretofore supplemented and amended (the "Amended and Restated Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"); and (ii) the Series 2012A Supplemental Trust Indenture dated as of October 1, 2012 (the "Series 2012A Supplemental Indenture" and, together with the Amended and Restated Trust Indenture, the "Indenture"), by and between the Authority and Trustee, pursuant to which the terms of the Series 2012A Bonds are set forth.

We have examined (a) a certified transcript of proceedings relating to the authorization, issuance and sale of the Series 2012A Bonds; the authorization and execution of the Series 2012A Supplemental Indenture; the authorization and execution of the Use and Occupancy Agreement dated as of November 1, 2003, as supplemented and amended from time to time relating to Facility No. 7 (collectively, the "Facility No. 7 Use and Occupancy Agreement"), between the Authority and the Department of Administration (the "Department") of the State of Indiana (the "State"); and the approval of the Authority's Official Statement dated __________, 2012, (the "Official Statement"); (b) the Tax Representation Certificate of the Authority and the Arbitrage Certificate of the Authority, each dated the date hereof; (c) executed counterparts of the Series 2012A Supplemental Indenture and the Facility No. 7 Use and Occupancy Agreement; (d) an opinion of the Attorney General of the State; and (e) certificates as to the execution, authentication and delivery of the Series 2012A Bonds and no litigation pending as of the date hereof.

We have examined the constitution and statutes of the State, including particularly Indiana Code 4-4-10.9, 4-4-11 and 4-13.5, as amended (collectively, the "Act"), and such other documents, statutes, certifications, records and matters of law as we have deemed necessary for purposes of this opinion.

We have relied upon the certified transcript of proceedings and certificates of public officials, including the tax covenants and representations of the Authority and the Department (collectively, the "Tax Covenants"), and we have not undertaken to verify any facts by independent investigation.

Based upon the examinations referred to above, we are of the opinion as of the date hereof that:

1. The Authority is a public body corporate and politic, validly existing under the Act, with full power and authority to execute and deliver the Indenture and the Facility No. 7 Use and Occupancy Agreement, and to issue and sell the Series 2012A Bonds.

2. The Series 2012A Bonds have been duly authorized, executed, issued and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their terms. The principal of, interest on and premium, if any, on the Series 2012A Bonds are payable solely from and secured exclusively by a pledge of the Trust Estate (defined in the Indenture). The Series 2012A Bonds do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

3. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms. The Indenture creates the valid pledge and assignment which it purports to create of the Trust Estate.

4. The Facility No. 7 Use and Occupancy Agreement has been duly authorized, executed and delivered by the Authority and the Department and constitutes a legal, valid and binding obligation thereof, enforceable in accordance with its terms. We note, however, that under the terms of the Facility No. 7 Use and Occupancy Agreement, (i) the Department is not obligated to pay for the use and occupancy, but is instead required to vacate, Facility No. 7 (as described in the Indenture), if it is shown that the terms and conditions of the use and occupancy of Facility No. 7 are unjust and unreasonable, as provided in the Act; and (ii) the Department is required to vacate Facility No. 7, if funds have not been appropriated or are not available to pay any sum agreed to be paid for the use and occupancy of Facility No. 7 when due, as provided in the Act.

5. Under statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012A Bonds is exempt from taxation in the State. This opinion relates only to the tax exemption of interest on the Series 2012A Bonds from State income taxes.

6. Under federal statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012A Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Series 2012A Bonds for federal income tax purposes under Section 103 of the Code and is conditioned upon continuing compliance by the Authority and the Department with their respective Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2012A Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issuance.

It is to be understood that the rights of the owners of the Series 2012A Bonds and the Trustee, and the enforceability thereof and of the Indenture and the Facility No. 7 Use and Occupancy Agreement, may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement of the Series 2012A Bonds, the Indenture and the Facility No. 7 Use and Occupancy Agreement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be further understood that the rights of the owners of the Series 2012A Bonds and the Trustee, and the enforceability thereof and of the Indenture and the Facility No. 7 Use and Occupancy Agreement may be subject to the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

____________, 2012

Indiana Finance Authority
Indianapolis, Indiana

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

Re: Indiana Finance Authority
Facilities Revenue Refunding Bonds, Series 2012B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Finance Authority (the "Authority") of $__________ aggregate principal amount of its Facilities Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds"), under and pursuant to (i) the Amended and Restated Trust Indenture dated as of January 1, 1998, as heretofore supplemented and amended (the "Amended and Restated Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"); and (ii) the Series 2012B Supplemental Trust Indenture dated as of October 1, 2012 (the "Series 2012B Supplemental Indenture" and, together with the Amended and Restated Trust Indenture, the "Indenture"), by and between the Authority and Trustee, pursuant to which the terms of the Series 2012B Bonds are set forth.

We have examined (a) a certified transcript of proceedings relating to the authorization, issuance and sale of the Series 2012B Bonds; the authorization and execution of the Series 2012B Supplemental Indenture; the authorization and execution of the Use and Occupancy Agreement dated as of September 1, 2004, as supplemented and amended from time to time relating to Facility No. 8 (collectively, the "Facility No. 8 Use and Occupancy Agreement"), between the Authority and the Department of Administration (the "Department") of the State of Indiana (the "State"); and the approval of the Authority's Official Statement dated __________ 2012, (the "Official Statement"); (b) the Tax Representation Certificate of the Authority and the Arbitrage Certificate of the Authority, each dated the date hereof; (c) executed counterparts of the Series 2012B Supplemental Indenture and the Facility No. 8 Use and Occupancy Agreement; (d) an opinion of the Attorney General of the State; and (e) certificates as to the execution, authentication and delivery of the Series 2012B Bonds and no litigation pending as of the date hereof.

We have examined the constitution and statutes of the State, including particularly Indiana Code 4-4-10.9, 4-4-11 and 4-13.5, as amended (collectively, the "Act"), and such other documents, statutes, certifications, records and matters of law as we have deemed necessary for purposes of this opinion.

We have relied upon the certified transcript of proceedings and certificates of public officials, including the tax covenants and representations of the Authority and the Department (collectively, the "Tax Covenants"), and we have not undertaken to verify any facts by independent investigation.

Based upon the examinations referred to above, we are of the opinion as of the date hereof that:

1. The Authority is a public body corporate and politic, validly existing under the Act, with full power and authority to execute and deliver the Indenture and the Facility No. 8 Use and Occupancy Agreement, and to issue and sell the Series 2012B Bonds.

2. The Series 2012B Bonds have been duly authorized, executed, issued and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their terms. The principal of, interest on and premium, if any, on the Series 2012B Bonds are payable solely from and secured exclusively by a pledge of the Trust Estate (defined in the Indenture). The Series 2012B Bonds do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

3. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms. The Indenture creates the valid pledge and assignment which it purports to create of the Trust Estate.

4. The Facility No. 8 Use and Occupancy Agreement has been duly authorized, executed and delivered by the Authority and the Department and constitutes a legal, valid and binding obligation thereof, enforceable in accordance with its terms. We note, however, that under the terms of the Facility No. 8 Use and Occupancy Agreement, (i) the Department is not obligated to pay for the use and occupancy, but is instead required to vacate, Facility No. 8 (as described in the Indenture), if it is shown that the terms and conditions of the use and occupancy of Facility No. 8 are unjust and unreasonable, as provided in the Act; and (ii) the Department is required to vacate Facility No. 8, if funds have not been appropriated or are not available to pay any sum agreed to be paid for the use and occupancy of Facility No. 8 when due, as provided in the Act.

5. Under statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012B Bonds is exempt from taxation in the State. This opinion relates only to the tax exemption of interest on the Series 2012B Bonds from State income taxes.

6. Under federal statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012B Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Series 2012B Bonds for federal income tax purposes under Section 103 of the Code and is conditioned upon continuing compliance by the Authority and the Department with their respective Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2012B Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issuance.

It is to be understood that the rights of the owners of the Series 2012B Bonds and the Trustee, and the enforceability thereof and of the Indenture and the Facility No. 8 Use and Occupancy Agreement, may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement of the Series 2012B Bonds, the Indenture and the Facility No. 8 Use and Occupancy Agreement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be further understood that the rights of the owners of the Series 2012B Bonds and the Trustee, and the enforceability thereof and of the Indenture and the

Facility No. 8 Use and Occupancy Agreement may be subject to the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

____________, 2012

Indiana Finance Authority
Indianapolis, Indiana

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

Re: Indiana Finance Authority
Facilities Revenue Refunding Bonds, Series 2012C

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Finance Authority (the "Authority") of $__________ aggregate principal amount of its Facilities Revenue Refunding Bonds, Series 2012C (the "Series 2012C Bonds"), under and pursuant to (i) the Amended and Restated Trust Indenture dated as of January 1, 1998, as heretofore supplemented and amended (the "Amended and Restated Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"); and (ii) the Series 2012C Supplemental Trust Indenture dated as of October 1, 2012 (the "Series 2012C Supplemental Indenture" and, together with the Amended and Restated Trust Indenture, the "Indenture"), by and between the Authority and Trustee, pursuant to which the terms of the Series 2012C Bonds are set forth.

We have examined (a) a certified transcript of proceedings relating to the authorization, issuance and sale of the Series 2012C Bonds; the authorization and execution of the Series 2012C Supplemental Indenture; the authorization and execution of the Use and Occupancy Agreement dated as of September 1, 2004, as supplemented and amended from time to time relating to Facility No. 9 (collectively, the "Facility No. 9 Use and Occupancy Agreement"), between the Authority and the Department of Administration (the "Department") of the State of Indiana (the "State"); and the approval of the Authority's Official Statement dated __________ 2012, (the "Official Statement"); (b) the Tax Representation Certificate of the Authority and the Arbitrage Certificate of the Authority, each dated the date hereof; (c) executed counterparts of the Series 2012C Supplemental Indenture and the Facility No. 9 Use and Occupancy Agreement; (d) an opinion of the Attorney General of the State; and (e) certificates as to the execution, authentication and delivery of the Series 2012C Bonds and no litigation pending as of the date hereof.

We have examined the constitution and statutes of the State, including particularly Indiana Code 4-4-10.9, 4-4-11 and 4-13.5, as amended (collectively, the "Act"), and such other documents, statutes, certifications, records and matters of law as we have deemed necessary for purposes of this opinion.

We have relied upon the certified transcript of proceedings and certificates of public officials, including the tax covenants and representations of the Authority and the Department (collectively, the "Tax Covenants"), and we have not undertaken to verify any facts by independent investigation.

Based upon the examinations referred to above, we are of the opinion as of the date hereof that:

1. The Authority is a public body corporate and politic, validly existing under the Act, with full power and authority to execute and deliver the Indenture and the Facility No. 9 Use and Occupancy Agreement, and to issue and sell the Series 2012C Bonds.

2. The Series 2012C Bonds have been duly authorized, executed, issued and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their terms. The principal of, interest on and premium, if any, on the Series 2012C Bonds are payable solely from and secured exclusively by a pledge of the Trust Estate (defined in the Indenture). The Series 2012C Bonds do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

3. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms. The Indenture creates the valid pledge and assignment which it purports to create of the Trust Estate.

4. The Facility No. 9 Use and Occupancy Agreement has been duly authorized, executed and delivered by the Authority and the Department and constitutes a legal, valid and binding obligation thereof, enforceable in accordance with its terms. We note, however, that under the terms of Facility No. 9 Use and Occupancy Agreement, (i) the Department is not obligated to pay for the use and occupancy, but is instead required to vacate, Facility No. 9 (as described in the Indenture), if it is shown that the terms and conditions of the use and occupancy of Facility No. 9 are unjust and unreasonable, as provided in the Act; and (ii) the Department is required to vacate Facility No. 9, if funds have not been appropriated or are not available to pay any sum agreed to be paid for the use and occupancy of Facility No. 9 when due, as provided in the Act.

5. Under statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012C Bonds is exempt from taxation in the State. This opinion relates only to the tax exemption of interest on the Series 2012C Bonds from State income taxes.

6. Under federal statutes, decisions, regulations and rulings existing on the date hereof, interest on the Series 2012C Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Series 2012C Bonds for federal income tax purposes under Section 103 of the Code and is conditioned upon continuing compliance by the Authority and the Department with their respective Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2012C Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issuance.

It is to be understood that the rights of the owners of the Series 2012C Bonds and the Trustee, and the enforceability thereof and of the Indenture and the Facility No. 9 Use and Occupancy Agreement, may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement of the Series 2012C Bonds, the Indenture and the Facility No. 9 Use and Occupancy Agreement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be further understood that the rights of the owners of the Series 2012C Bonds and the Trustee, and the enforceability thereof and of the Indenture and the

Facility No. 9 Use and Occupancy Agreement may be subject to the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

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APPENDIX E

PROPOSED FORM OF
CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") dated __________ ___, 2012, by and among the Indiana Finance Authority (the "Obligor" or "Finance Authority"), the State of Indiana (the "State"), and The Bank of New York Mellon Trust Company, N.A. (the "Counterparty"), for the purpose of permitting J.P. Morgan Securities LLC (the "Underwriter"), as representative of the underwriters of the 2012 Bonds (as defined herein), to purchase the 2012 Bonds in compliance with the Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "SEC Rule"), as published in the Federal Register on November 17, 1994, and as amended to the date hereof.

SECTION 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent.

(a) "Bondholder" or "holder", when used with reference to the 2012 Bonds, means any person who shall be the registered owner of any outstanding 2012 Bond, including owners of beneficial interests in the 2012 Bonds.

(b) "EMMA" means (a) an Internet-based electronic filing system called the "Electronic Municipal Market Access" system as described in Release No. 34-59062 to the Securities Exchange Act of 1934 and maintained by the MSRB as further described in Section 5 hereof, or (b) such other electronic or other format as may be prescribed from time to time by the MSRB to supplement or replace such existing system.

(c) "Finance Authority Bonds" means any "Bonds" as defined in the Finance Authority Indenture.

(d) "Finance Authority Disclosure Agreement" means each and every continuing disclosure undertaking agreement by and between the Finance Authority and any counterparty related to any Finance Authority Bonds entered into by the Finance Authority (or its predecessor, the Indiana State Office Building Commission with respect to the outstanding revenue bonds issued pursuant to the Finance Authority Indenture, as supplemented and amended to the date hereof) to comply with its obligation to provide continuing disclosure to the holders of its Finance Authority Bonds pursuant to the SEC Rule.

(e) "Finance Authority Disclosure Obligation" means the Finance Authority's obligation to provide disclosure to the holders of its Finance Authority Bonds (a) at the time of original issuance pursuant to applicable law, and (b) on a continuing basis pursuant to the SEC Rule and each Finance Authority Disclosure Agreement.

(f) "Finance Authority Indenture" means the Amended and Restated Trust Indenture dated as of January 1, 1998, by and between the Finance Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as supplemented and amended to the date hereof and further from time to time.

(g) "MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto for the purposes of the SEC Rule, which is the sole central repository, through the operation of EMMA, as provided in Section 5 hereof.

(h) "Obligated Person" means any person, including the Obligor and the State, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the 2012 Bonds (other than providers of municipal bond insurance, letters of credit, or other credit or liquidity facilities), but only during such period or periods when the aggregate principal amount of 2012 Bonds satisfy the definition of an "Obligated Person" under a Finance Authority Disclosure Agreement.

(i) "2012 Bonds" means the Indiana Finance Authority Facilities Revenue Refunding Bonds, Series 2012A, Facilities Revenue Refunding Bonds, Series 2012B, and Facilities Revenue Refunding Bonds, Series 2012C, in the aggregate principal amount of $__________, and dated __________ ___, 2012.

(j) "2012 Official Statement" means the Official Statement dated __________ ___, 2012, relating to the 2012 Bonds, including any document or set of documents included by specific reference to such document or documents previously filed with the MSRB.

SECTION 2. Purpose. The purpose of this Agreement is to permit the Obligor to (a) provide original issuance disclosure to the holders of the 2012 Bonds, and (b) comply with its obligation to provide continuing disclosure to the holders of the 2012 Bonds pursuant to the SEC Rule.

SECTION 3. Term. The term of this Agreement is from the date set forth above to the earliest of (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all 2012 Bonds, and (ii) the date all 2012 Bonds are defeased under the Finance Authority Indenture.

SECTION 4. Obligated Persons. The Obligor hereby warrants and represents as of the date hereof, that the Obligor and the State are the only Obligated Persons with respect to the 2012 Bonds. In the event that any entity subsequently becomes an Obligated Person with respect to the 2012 Bonds, the Obligor agrees to use its best efforts to cause such other entity to enter into a written undertaking to comply with the disclosure requirements of the Obligated Persons set forth herein.

SECTION 5. Provision of Annual Financial Information.

(1) Each of the Obligor and the State hereby undertakes to provide the following annual financial information with respect to the 2012 Bonds, in each case (i) in electronic format as prescribed by the MSRB, and (ii) accompanied by identifying information as prescribed by the MSRB:

(a) To the MSRB, when and if available, the audited financial statements of the State, beginning with the fiscal year ended June 30, 2012, together with the auditor's report, and all notes thereto (but no audited financial statements, auditor's report and notes thereto for any fiscal year prior to the fiscal year of the State ended June 30, 2012, shall be required to be provided); and

(b) To the MSRB within 180 days of the close of each fiscal year, beginning with the fiscal year ended June 30, 2012, unaudited annual financial information for the State for such fiscal year including (i) unaudited financial statements of the State if audited financial statements are not available, and (ii) operating data relating to the State (excluding any demographic information or forecasts) of the type included in Appendix A to the 2012 Official Statement (collectively, the "Annual Information").

(2) To the extent the Annual Information or the audited financial statements relating to the State referred to in paragraph (a) of this Section 5 are included in a final official statement (as that term is defined in paragraph (f)(3) of the SEC Rule) dated within one hundred eighty (180) days prior to the due date for such information for any fiscal year and filed with the MSRB, each Obligated Person shall have been deemed to have provided that information as of the due date for the immediately preceding fiscal year as required by paragraph (a) of this Section 5.

(3) If any Annual Information or audited financial statements relating to the State referred to in paragraph (a) of this Section 5 no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor or the State to the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor or the State shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(4) Each of the Obligor and the State agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or portions of Annual Information because it is unavailable shall not be deemed to be a breach of this Agreement; provided, however, that in the event such Annual Information is not available to the Obligor or the State, the Obligor or the State will provide to the MSRB in the remaining disclosure of the Annual Information, (i) a description of the Annual Information that is not available, (ii) any replacement or substitute information, (iii) whether such Annual Information is expected to be available, and (iv) if known by the Obligor or the State, the date such Annual Information will be made available to the Obligor or the State. Each of the Obligor and the State further agrees to supplement the Annual Information filing when such data is available.

(5) Annual Information or audited financial statements required to be provided pursuant to this Section 5 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the MSRB or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

(6) Each of the Obligor and the State must file all continuing disclosure filings under this Agreement with the MSRB through the prescribed electronic means (currently through the EMMA system), solely by transmitting such filings to EMMA (currently at www.emma.msrb.org).

(7) The Obligor, the State, or a Dissemination Agent (as defined in Section 10) must provide all filings in electronic format, in the form of a word searchable portable document format (PDF) or as otherwise prescribed by the MSRB.

SECTION 6. Reference to Annual Financial Information and Use of the Annual Financial Information by the Finance Authority.

(1) The State understands and agrees that the Finance Authority may use and include such Annual Information and audited financial statements relating to the State referred to in paragraph (a) of Section 5 in satisfying any Finance Authority Disclosure Obligation, either by direct inclusion in any official statement (or post-issuance filing) related to Finance Authority Bonds or by use therein of cross-references to filings made with the MSRB by the Finance Authority in connection with its continuing disclosure obligations as described in the 2012 Official Statement or any similar undertaking. The State consents to such use of the provided information for such purposes.

(2) The State agrees to deliver to the Finance Authority within thirty (30) days after any request, Annual Information and audited financial statements relating to the State referred to in paragraph (a) of this Section 6 to permit the Finance Authority to satisfy any Finance Authority Disclosure Obligation by the use or inclusion of such information in any official statement (or by the use or inclusion of cross-references therein to filings containing such information made with the MSRB by the Finance Authority in connection with its continuing disclosure obligations as described in the 2012 Official Statement or any similar undertaking) that the Finance Authority may cause to be prepared and distributed in connection with the issuance of any Finance Authority Bonds. For purposes of this section, such Annual Information shall include (if requested by the Finance Authority and reasonably available without unreasonable expense) information for any fiscal period ending at a calendar month end no sooner than ninety (90) days prior to such request. The State consents to such use of the provided information for such purposes.

(3) The State understands and agrees that any Annual Information and audited financial statements provided pursuant to this Section 6, together with any information of events provided pursuant to Section 8, may be used by the Finance Authority for the purposes described in Section 2 and this Section 6, and the State hereby agrees that it will provide upon request from the Finance Authority a certificate (a "Certificate") to the effect that such information, did not as of the date such information was filed with the Finance Authority and the MSRB, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In connection with the issuance of the Finance Authority Bonds, if requested by the Finance Authority, the State agrees to confirm by any reasonable means proposed by the Finance Authority the Certificate as if it was re-dated as of such issuance date.

SECTION 7. Accounting Principles. The accounting principles pursuant to which the Obligor's or the State's financial statements will be prepared shall be generally accepted accounting principles, as in effect from time to time, those described in the auditors' report and the notes accompanying the audited financial statements relating to the Obligor or the State or those mandated by State law from time to time, or any other accounting principles which do not, in the sole determination of the Obligor or the State, materially deviate from any of such accounting principles.

SECTION 8. Reportable Events. Each of the Obligor and the State shall disclose the following events, in a timely manner within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made jointly by the Obligor and the State) (a "Joint Materiality Determination") in accordance with the standards established by the federal securities laws, to the MSRB as such relate to the Bonds:

(1) non-payment related defaults;

(2) modifications to the rights of Bondholders;

(3) Bond calls;

(4) release, substitution or sale of property securing repayment of the 2012 Bonds;

(5) the consummation of a merger, consolidation, or acquisition involving any of the Obligated Persons, or the sale of all or substantially all of the assets of any of the Obligated Persons, or entry into or termination of a definitive agreement relating to the foregoing; and

(6) appointment of a successor or additional trustee or the change of name of a trustee.

Each of the Obligor and the State shall disclose the following events, in a timely manner within 10 business days of the occurrence of any of the following events, regardless of materiality, to the MSRB as such relate to the 2012 Bonds:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions or other material events affecting the tax exempt status of the 2012 Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Bonds, or other material events affecting the tax status of the 2012 Bonds;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership or similar event of any of the Obligated Persons.

The Obligor or the State may from time to time choose to provide notice to the MSRB of the occurrence of any other event with respect to the 2012 Bonds, in addition to those listed above (an "Other Event"). Only following a Joint Materiality Determination shall such Other Event be disclosed pursuant to the undertaking in the prior sentence. However, the Obligor and the State do not commit to provide any such notice of the occurrence of any Other Event except for those events set forth in the lists above.

Nothing in this Agreement (including the inability of any party to this Agreement to make a timely Joint Materiality Determination or one party's belief that any event listed in the lists above or any Other Event is not material) shall restrict or otherwise prevent (a) the Finance Authority from making a filing with or giving any notice to the MSRB with respect to the Finance Authority Bonds (which filing and notice may include facts and circumstances related to Finance Authority Bonds (including any event listed in the lists above or any Other Event), irrespective of the State's view of the materiality to the Finance Authority Bonds) or (b) the State from making filing with or giving any notice to the MSRB with respect to the State's obligations other than the 2012 Bonds (which filing and notice may include facts and circumstances related to Finance Authority Bonds (including any event listed in the lists above or any Other Event), irrespective of the Finance Authority's view of the materiality to the Finance Authority Bonds).

SECTION 9. Notice to Counterparty. Each of the Obligor and the State hereby agrees to provide to the Counterparty a copy of any Annual Information, audited financial statements, material event notice, or notice of failure to disclose Annual Information which it files or causes to be filed under Sections 5, 8, and 11 hereof, respectively, concurrently with or prior to such filing. If such filing is made pursuant to Section 5(a)(1) hereof, such filing shall be accompanied by a certificate of an authorized representative of the State in substantially the form of "Exhibit A" hereto. If such filing is made pursuant to Section 5(a)(2) hereof, such filing shall be accompanied by a certificate of an authorized representative of the State in substantially the form of "Exhibit B" hereto. If such filing is made pursuant to Section 8 hereof, such filing shall be accompanied by a certificate of an authorized representative of the State in substantially the form of "Exhibit C" hereto. Such notices may be by facsimile transmission. Except as provided in Section 13 hereof, the Counterparty's receipt of any information, statements, or notices pursuant to this Section 9 shall impose on the Counterparty no duties of examination, disclosure, or dissemination with respect to such information, statements, or notices. The Counterparty shall not be obligated to retain any information, statements, or notices received pursuant to this Agreement for more than ninety (90) days following its receipt thereof.

SECTION 10. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the SEC Rule and this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the Counterparty, to the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all to further the purposes of this Agreement as set forth in the preamble and Section 12 hereof.

SECTION 11. Failure to Disclose. Notwithstanding any notices given by the Counterparty pursuant to Section 13 hereof, if for any reason, the Obligor or the State fails to provide the Annual Information or notification of a reportable event as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to the MSRB.

SECTION 12. Remedies.

(1) The purpose of this Agreement is to enable the Obligor to comply with Finance Authority Disclosure Obligation by providing for an undertaking by the Obligor and the State. This Agreement is solely for the benefit of the Bondholders and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the Obligor

for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the 2012 Bonds or any other agreement to which the Obligor is a party and shall not give rise to any other rights or remedies.

(2) Subject to paragraph (c) of this Section 12, the remedy set forth in the preceding paragraph may be exercised by any Bondholder in any court of competent jurisdiction in the State of Indiana. The Counterparty shall have no obligation to pursue any remedial action hereunder on behalf of any holder of the 2012 Bonds.

(3) Prior to pursuing any remedy for any breach of any obligation under this Agreement, a holder of the 2012 Bonds shall give notice to each Obligated Person, by registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after the mailing of such notice, and not before, such remedy may be pursued under this Agreement if and to the extent an Obligated Person has failed to cure such breach within such fifteen (15) days.

SECTION 13. Counterparty's Obligations. The Counterparty hereto shall have no obligation to take any action whatsoever with respect to information or notices provided or required to be provided by the Obligor under this Agreement, except (a) as set forth in the following paragraphs of this Section 13 and (b) any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement or any dissemination agreement (in which the Counterparty is the Dissemination Agent) against the Counterparty. Further, the Counterparty hereto shall have no responsibility to ascertain the truth, completeness, timeliness or accuracy of the information or notices provided as required hereunder by any Obligated Person, or otherwise to determine whether any such information or notices are or have been provided in compliance with the SEC Rule or the requirements of this Agreement.

If the Counterparty has not received the Annual Information by the date required by Section 5(a)(2) of this Agreement, the Counterparty shall notify each Obligated Person or any Dissemination Agent, if applicable, via e-mail or facsimile transmission, followed by registered or certified mail, that it has not received such Annual Information.

The Counterparty hereto shall be obligated to, and hereby agrees that it will, within five (5) business days after mailing the notice referred to in the immediately preceding paragraph, forward to the Finance Authority a notice substantially in the form of "Exhibit D" hereto in the event that the Counterparty has not received a copy of such Annual Information by the date required hereunder; provided, however, that the Counterparty shall not give such notices as described in this paragraph and the immediately preceding paragraph if the Obligor has provided the Counterparty with notice that the Obligor has issued notice pursuant to Section 11 hereof. Subsequent to the Counterparty's issuance of notice, if any, pursuant to this paragraph, the Counterparty shall have no responsibility to take any further action concerning the Annual Information for the fiscal year to which such notice relates.

SECTION 14. Resignation and Removal of Counterparty. The Counterparty may resign in its capacity under this Agreement, as supplemented, at any time by giving thirty (30) days' written notice thereof to the Obligor and the State. So long as the Obligor and the State have not failed to honor their obligations as set forth in Sections 5, 8, 9, and 11 hereof, the Obligor may remove the Counterparty in its capacity under this Agreement, as supplemented, at any time by giving written notice thereof to the Counterparty. Upon such resignation or removal, the Obligor shall promptly appoint a successor Counterparty.

SECTION 15. Counterparty's Fees and Expenses. The Obligor agrees to pay the Counterparty's fees and expenses in connection with the Counterparty's activities under this Agreement, in accordance with the Counterparty's fee schedule in effect from time to time. As of the date of this Agreement, the Counterparty is not imposing a fee.

SECTION 16. Indemnification. To the extent permitted by law and to the extent moneys are available, the Obligor releases the Counterparty from and agrees that the Counterparty shall not be liable for, and agrees to indemnify and hold the Counterparty harmless from, any liability for, or expense (including but not limited to reasonable attorney fees) resulting from, or any loss or damage that may be occasioned by, any cause whatsoever pertaining to this Agreement, as supplemented, or the actions taken or to be taken by any Obligated Person or the Counterparty under this Agreement, except the gross negligence or willful misconduct of the Counterparty. To the extent permitted by law, the obligations of the Obligor under this Section 16 shall survive the resignation or removal of the Counterparty and payment of the 2012 Bonds.

SECTION 17. Modification of Agreement. The Obligor, the State, and the Counterparty may, from time to time, amend or modify this Agreement. The Obligor, the State, and the Counterparty agree to amend or modify this Agreement as necessary in the opinion of a nationally recognized bond counsel firm to fulfill the purpose set forth in Section 2 herein. The Obligor, the State, and the Counterparty may, from time to time, amend or modify this Agreement without the consent of Bondholders by providing from a nationally recognized bond counsel firm acceptable to the Finance Authority, an opinion addressed to the Finance Authority opining to the effect that:

(1) such amendment or modification 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 Obligor, or type of business conducted; (b) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule with respect to the 2012 Bonds on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (c) such amendment or modification does not materially impair the interests of the Finance Authority or the holders of the 2012 Bonds; or (2) such amendment or modification is permitted by law; and

(2) such amendment or modification will not adversely affect the Finance Authority's ability to lawfully comply with any Finance Authority Disclosure Obligation then in effect. The Finance Authority may in its discretion waive such clauses (A)(1)(c) or (B), or both, as requirements of such opinion. Additionally such amendment or modification, together with the foregoing opinion, shall be provided to the Finance Authority at least 15 days in advance of its proposed effectiveness.

The Annual Information or audited financial statements for the fiscal year during which any such amendment or modification occurs that contains the amended or modified Annual Information or audited financial statements shall explain, in narrative form, the reasons for such amendment or modification and the impact of the change in the type of Annual Information or audited financial statements being provided.

SECTION 18. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the law of the State of Indiana.

SECTION 19. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 20. Successors and Assigns. All covenants and agreements in this Agreement made by any Obligated Person and the Counterparty shall bind its successors, whether so expressed or not.

SECTION 21. Previous Undertakings. There have been no instances in the past five years when the Obligor has failed to comply, in all material respects, with any undertaking in a written contract or agreement as specified in paragraph (b)(5)(i) of the SEC Rule.

SECTION 22. Notices. All notices required to be given under this Agreement shall be made at the following addresses:

If to the Counterparty:	The Bank of New York Mellon Trust Company, N.A. 300 North Meridian Street, Suite 910 Indianapolis, Indiana 46204 Attention: Corporate Trust
If to the State:	Indiana State Budget Agency 200 West Washington Street, Room 212 Indianapolis, IN 46204 Attention: State Budget Director
If to the Finance Authority:	Indiana Finance Authority 100 North Senate, Room 1275 Indianapolis, Indiana 46204 Attention: Public Finance Director

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IN WITNESS WHEREOF, the Obligor, the State and the Counterparty have caused this Agreement to be executed this ____ day of ________, 2012.

INDIANA FINANCE AUTHORITY

By: ____

Name: ______________________________________

Title: _______________________________________

STATE OF INDIANA (Acting by and through the State Budget Agency)

By: ____

Name: ______________________________________

Title: _______________________________________

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: ____

Name: ______________________________________

Title: _______________________________________

EXHIBIT A

CERTIFICATE REGARDING AUDITED FINANCIAL STATEMENTS

The State of Indiana (the “State”) pursuant to the Continuing Disclosure Undertaking Agreement, dated ________ __, 2012 (the “Agreement”), by and among the State, the Indiana Finance Authority and The Bank of New York Mellon Trust Company, N.A., as Counterparty, hereby certifies that enclosed herewith are the audited financial statements which are required to be provided pursuant to Section 5(a)(1) of the Agreement.

Dated: ____________________

STATE OF INDIANA (Acting by and through the State Budget Agency)

By: ____

Name: ______________________________________

Title: _______________________________________

EXHIBIT B

CERTIFICATE REGARDING ANNUAL FINANCIAL INFORMATION DISCLOSURE

The State of Indiana (the "State") pursuant to the Continuing Disclosure Undertaking Agreement, dated __________ __, 2012 (the "Agreement"), by and among the State, the Indiana Finance Authority and The Bank of New York Mellon Trust Company, N.A., as Counterparty, hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Agreement) which is required to be provided pursuant to Section 5(a)(2) of the Agreement.

Dated: ____________________

STATE OF INDIANA (Acting by and through the State Budget Agency)

By: ____

Name: ______________________________________

Title: _______________________________________

EXHIBIT C

CERTIFICATE REGARDING REPORTABLE EVENT DISCLOSURE

The State of Indiana (the "State") pursuant to the Continuing Disclosure Undertaking Agreement, dated __________ __, 2012 (the "Agreement"), by and among the State, the Indiana Finance Authority and The Bank of New York Mellon Trust Company, N.A., as Counterparty, hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a reportable event which is required to be provided pursuant to Section 8 of the Agreement.

Dated: ____________________

STATE OF INDIANA (Acting by and through the State Budget Agency)

By: ____

Name: ______________________________________

Title: _______________________________________

EXHIBIT D

NOTICE TO REPOSITORIES OF FAILURE TO FILE INFORMATION

Notice is hereby given that the State of Indiana (the "State") has not provided to The Bank of New York Mellon Trust Company, N.A., as Counterparty to the Continuing Disclosure Undertaking Agreement, dated __________ __, 2012 (the "Agreement"), by and among the State, the Indiana Finance Authority and the Counterparty, the Annual Information as required by Section 5(a)(2) of the Agreement.

Dated: ____________________

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS COUNTERPARTY
(Indianapolis, Indiana)

By: ____

Name: ______________________________________

Title: ______________________________________

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Bond certificate will be issued for each series of the 2012 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

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

Purchases of 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit of each actual purchaser of each 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2012 Bonds, except in the event that use of the book-entry system for the 2012 Bonds is discontinued.

To facilitate subsequent transfers, all 2012 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 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 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 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012 Bond documents. For example, Beneficial Owners of 2012 Bonds may wish to ascertain that the nominee holding the 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012 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 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2012 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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 2012 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2012 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2012 Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS APPENDIX "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN TAKEN FROM INFORMATION FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY, THE STATE, THE TRUSTEE OR THE UNDERWRITERS, OR COUNSEL TO ANY OF THEM, AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE AUTHORITY, THE STATE, THE TRUSTEE OR THE UNDERWRITERS TO DETERMINE

WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NEITHER THE AUTHORITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE 2012 BONDS, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

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APPENDIX G

REFUNDED BONDS

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INDIANA FINANCE AUTHORITY • Facilities Revenue Refunding Bonds, Series 2012A, Series 2012B and Series 2012C

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