NEW ISSUE
BOOK-ENTRY-ONLY

RATINGS: See "RATINGS" herein

In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds (as defined herein) is exempt from income taxation in the State of Indiana. See "TAX MATTERS," and Appendix C.

$70,540,000
INDIANA BOND BANK
TAXABLE SCHOOL SEVERANCE FUNDING BONDS
SERIES 8 B

Dated: Date of Delivery

Due as shown herein.

The Indiana Bond Bank Taxable School Severance Funding Bonds Series 8 B (the "Bonds") are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $5,000 and integral multiples thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds is payable on January 15 and July 15 of each year commencing July 15, 2005, and such interest, together with the principal of the Bonds, will be paid directly to DTC by The Bank of New York Trust Company, N.A., Indianapolis, Indiana, as trustee (the "Trustee") under a Trust Indenture, dated as of December 1, 2004 (the "Indenture"), as defined and described herein, so long as DTC or its nominee is the registered owner of the Bonds. The Indiana Bond Bank (the "Bond Bank") may provide for payment of interest to any holder of Bonds in amounts aggregating $1,000,000 or more by wire transfer or other method which is acceptable to the Trustee and the Bondholder. The final disbursement of such payments to the Beneficial Owner of the Bonds will be the responsibility of the DTC Direct Participants and the Indirect Participants, all as defined and more fully described herein under "THE BONDS - Book-Entry-Only System."

Payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond new issue policy to be issued upon the delivery of the Bonds by Financial Guaranty Insurance Company. See "BOND INSURANCE" and Appendix D.

FGIC Financial Guaranty Insurance Company

The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code 5-1.5 (the "Act"), for the purpose of providing funds to purchase general obligations bonds (the "Qualified Obligations") of certain Indiana school corporations (the "Qualified Entities") which are authorized under Indiana law to issue the Qualified Obligations to fund existing unfunded contractual liabilities for retirement or severance payments as of June 30, 2001. The Qualified Obligations are payable by the Qualified Entities from unlimited ad valorem taxes to be collected on all taxable property within the boundaries of the Qualified Entities. The principal of and interest on the Bonds are payable from the proceeds of Qualified Obligation Payments and other moneys held under the Indenture, including funds made available by the Investment Agreement, as defined and described herein.

The Bond maturing on January 15, 2007 is subject to special optional redemption prior to maturity on ten days' notice at par.

The Bonds maturing on or after July 15, 2015 are subject to optional redemption prior to maturity on and after January 15, 2015 at par.

The Bond maturing on January 15, 2026 is subject to mandatory sinking fund redemption. See "THE BONDS - Mandatory Redemption."

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

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

The Bonds are being offered by City Securities Corporation, Citigroup and Siebert Brandford Shank & Co., LLC, the Underwriters ("Underwriters") when, as and if issued by the Bond Bank and received by the Underwriters subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its General Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana, and for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw LLP, Chicago, Illinois. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about December 9, 2004.

CITY SECURITIES CORPORATION

Citigroup

Siebert Brandford Shank & Co., LLC

Date: November 19, 2004

$70,540,000
INDIANA BOND BANK
TAXABLE SCHOOL SEVERANCE FUNDING BONDS SERIES 8 B

Date	Principal Amount	Interest Rate	Price	Date	Principal Amount	Interest Rate	Price
1/15/07	$8,420,000	3.350%	100.00%	1/15/14	$1,645,000	4.730%	100.00%
7/15/07	1,165,000	3.490	100.00	7/15/14	1,690,000	4.770	100.00
1/15/08	1,185,000	3.690	100.00	1/15/15	1,725,000	4.840	100.00
7/15/08	1,205,000	3.800	100.00	7/15/15	1,570,000	4.910	100.00
1/15/09	1,230,000	3.900	100.00	1/15/16	1,610,000	5.020	100.00
7/15/09	1,245,000	4.010	100.00	7/15/16	1,650,000	5.060	100.00
1/15/10	1,280,000	4.080	100.00	1/15/17	1,685,000	5.120	100.00
7/15/10	1,410,000	4.170	100.00	7/15/17	1,735,000	5.160	100.00
1/15/11	1,445,000	4.270	100.00	1/15/18	1,770,000	5.220	100.00
7/15/11	1,470,000	4.350	100.00	7/15/18	1,825,000	5.260	100.00
1/15/12	1,500,000	4.430	100.00	1/15/19	1,865,000	5.320	100.00
7/15/12	1,535,000	4.490	100.00	7/15/19	1,925,000	5.360	100.00
1/15/13	1,570,000	4.560	100.00	1/15/20	1,970,000	5.420	100.00
7/15/13	1,605,000	4.630	100.00	7/15/20	1,735,000	5.460	100.00

$19,875,000 Term Bonds Maturing January 15, 2026

Interest Rate: 5.490%; Price: 100.00%

The Bond maturing on January 15, 2007 is subject to special optional redemption prior to maturity on ten days' notice at par.

The Bonds maturing on and after July 15, 2015 are subject to optional redemption prior to maturity on and after January 15, 2015 at par.

The Bond maturing on January 15, 2026 is subject to mandatory sinking fund redemption as shown herein.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY 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 ANY OF THE FOREGOING. 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 SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

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

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

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OFFICIAL STATEMENT

$70,540,000

Indiana Bond Bank
Taxable School Severance Funding Bonds
Series 8 B

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its $70,540,000 aggregate principal amount of Taxable School Severance Funding Bonds Series 8 B (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on October 12, 2004, and are issued under and secured by a Trust Indenture, dated as of December 1, 2004 (the "Indenture"), between the Bond Bank and The Bank of New York Trust Company, N.A., Indianapolis, Indiana, as trustee, registrar and paying agent (the "Trustee"), all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code, Title 5-1.5 (the "Act").

The Program

The Bond Bank has established a program (the "Program") to purchase general obligation bonds (the "Qualified Obligations") issued by certain Indiana school corporations (the "Qualified Entities"), which are authorized under Indiana law to issue the Qualified Obligations to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constitute payments anticipated to be required to be made to employees of the Qualified Entity upon or after the termination of their employment by the Qualified Entity under an existing or previous employment agreement. The proceeds from the sale of the Bonds will be used (i) to purchase the Qualified Obligations of the Qualified Entities, (ii) to pay the premium on the municipal bond insurance policy securing the payment of principal of and interest on the Bonds when due, (iii) to pay all or a portion of the interest due on the Bonds on or before July 15, 2006, and (iv) to pay all or a portion of the costs of issuance of the Bonds. As of the date of the issuance of the Bonds, the Bond Bank will have entered into purchase agreements (each, a "Purchase Agreement" and collectively, the "Purchase Agreements") governing the terms for the purchase of the Qualified Obligations of the Qualified Entities. See "FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT" in Appendix E.

Security and Sources of Payment for the Bonds

The Bonds will be issued under and secured by the Indenture. The Bonds do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Bonds and the provisions of Indiana Code 5-1.5-5, pertaining to a moral obligation of the Indiana General Assembly to replenish a debt service reserve, do not apply to the Bonds. Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the Qualified Entities, is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt, liability, or loan of the credit of the State or any political subdivision thereof, including the Qualified Entities. The Bond Bank has no taxing

power and has only those powers and sources of revenue set forth in the Act. The Bonds are issued and secured separately from all other obligations issued by the Bond Bank.

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

Payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Bond Insurance Policy") to be issued, upon the delivery of the Bonds, by Financial Guaranty Insurance Company (the "Bond Insurer"). See "BOND INSURANCE" and Appendix D.

The principal source of payment on the Bonds will be the principal and interest payments received by the Bond Bank from the Qualified Entities under the Qualified Obligations. The principal of and interest on the Qualified Obligations are payable out of certain ad valorem property tax revenues as further described under the caption, "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Provisions for Payment of the Qualified Obligations."

It is anticipated that the proceeds of the Bonds will be used to purchase Qualified Obligations under the Program of the Qualified Entities described in, and in the amounts set forth in Appendix A.

The Bond Bank

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

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of November 1, 2004, an aggregate principal amount of approximately $3,882,195,000 in separate program obligations. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act, including the issuance of the Indiana Bond Bank Taxable School Severance Funding Bonds Series 8 A being issued concurrently with the Bonds. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately

from the Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities," defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds or evidences of indebtedness of such qualified entities. Under the Act, "qualified entities" include entities such as cities, towns, counties, school corporations, library corporations, special taxing districts and nonprofit corporations and associations which lease facilities or equipment to such entities. Each of the school corporations described in Appendix A is a "qualified entity" within the meaning of the Act.

The Official Statement; Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained under the caption "INTRODUCTION" is qualified by reference to this entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Official Statement, including the appendices hereto, 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. Certain terms used in this Official Statement are defined in Appendix B.

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

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture. See "CONTINUING DISCLOSURE."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the Bonds. The Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including any Qualified Entity, under the constitution of the State or a pledge of the faith, credit and taxing

power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power. The Bonds do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Bonds and the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement. However, no debt service reserve fund has been established under the Indenture, and, therefore, the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds.

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

The Qualified Entities and the Qualified Obligations

From the proceeds of the Bonds, the Bond Bank intends to purchase and, upon purchase, will pledge to the Trustee the Qualified Obligations. The Qualified Obligations issued by the Qualified Entities and purchased by the Bond Bank under the Program are general obligation bonds of the Qualified Entities issued to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constitute payments anticipated to be required to be made to employees of the Qualified Entity upon or after the termination of their employment by the Qualified Entity under an existing or previous employment agreement. See "THE PROGRAM."

The proceeds of the Bonds are anticipated to be used by the Bond Bank to purchase the Qualified Obligations of the respective Qualified Entities described in, and in the amounts set forth in, Appendix A hereto. Certain information related to such Qualified Entities is also set forth in Appendix A. As of the date of the issuance of the Bonds, the Bond Bank will have entered into a Purchase Agreement with each Qualified Entity to purchase their respective Qualified Obligations.

Provisions for Payment of the Qualified Obligations

The Qualified Obligations are general obligations of the Qualified Entity, payable out of unlimited ad valorem property tax revenues to be collected on all of the taxable property within the boundaries of the respective Qualified Entities. Indiana Code 20-5-4-10 provides for the establishment by the Indiana Department of Local Government Finance (the "Department of Local Government Finance") of an adequate local school corporation levy to meet the payments

of its general obligation bonds and lease rental obligations and provides for such payments if the Qualified Entity cannot meet the payment obligation.

Prior to the end of each calendar year, the Department of Local Government Finance reviews the bond and lease rental levies of each Qualified Entity that are payable in the next succeeding year, and the appropriations from such levies. If such levies and appropriations of the Qualified Entity are not sufficient to pay the debt service obligations, the Department of Local Government Finance will establish bond and lease rental levies and appropriations which are sufficient to pay such debt service obligations. Upon the failure of any Qualified Entity to pay any of its debt service obligations during the calendar year when due, the State Treasurer, upon being notified of such failure to pay, will make such payment from the funds of the State to the extent, but not in excess, of any amounts appropriated by the General Assembly for the calendar year for distribution to such Qualified Entity from State funds, deducting such payment from amounts thus appropriated.

Procedures for Property Assessment, Tax Levy and Collection

The Qualified Obligations of each Qualified Entity are payable from special unlimited ad valorem property taxes required by law to be levied by or on behalf of that Qualified Entity. Real and personal property in the State is assessed each year as of March 1. On or before August 1 each year, the County Auditor must submit to each underlying unit a statement of (i) the information concerning the assessed value of the taxing unit for the next calendar year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year.

By statute, the budget, tax rate and levy must be established: no later than the last meeting of the fiscal body in September for Marion County; no later than September 30 for all second class cities; and no later than September 20 for all other units. The budget, tax levy and tax rate are subject to review and revision by the Department of Local Government Finance which can lower, but not raise, the tax levy or tax rate unless the levy proposed by the Qualified Entity is not sufficient to make its debt service or lease rental payments. The Department of Local Government Finance must complete its actions on or before February 15 of the immediately succeeding calendar year.

On or before March 15, the County Auditor prepares and delivers the final abstract of property taxes to the State Auditor. The County Treasurer mails tax statements the following April (but in some counties mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures on July 1 if a delinquency then exists with respect to an installment due on or before May 10 of the prior year. The County Auditor distributes property taxes collected to the various taxing units on or before the June 30 or December 31 after the due date of the tax payment.

Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the 2002 Real Property Assessment Manual adopted by the Department of Local Government Finance (the "Manual"), and as interpreted in the rules and regulations of the Department of Local Government Finance, including the 2002 Real Property Assessment Guidelines, Version A (the "Guidelines") and the Real Property Assessment Manual Rule, 50 IAC 2.3. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property." The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal methodology, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they are capable of producing accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the Department of Local Government Finance will use to determine the acceptability of any alternate appraisal method.

"Gross Assessed Value" is equal to the true tax value. "Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, coal conversion systems, hydroelectric power devices, geothermal devices, and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the value used for taxing purposes in the determination of tax rates.

If a change in assessed value occurs, a written notification is sent by either the township assessor or the County Board of Review to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the County Assessor within 45 days after the written notification is given to the property owner or on May 10 of that year, whichever is later. While the appeal is pending, any taxes on real property that become due on the property in question must be paid in an amount based on the immediately preceding year's assessment or it may be paid based on the amount that is billed.

Indiana Code 6-1.1-21-5 provides each taxpayer with a property tax credit in an amount equal to the sum of the following: (a) sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year on all real and personal property; (b) approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property; (c) and approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part a ruling by the Indiana Tax Court that the true tax value method of valuing property for purposes of levying property taxes is unconstitutional. *Town of St. John v. State Board of Tax*

Commissioners, 702 N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the cost schedules used by the State Board of Tax Commissioners (now the Department of Local Government Finance) were unconstitutional. This ruling affected only the valuation method and did not affect the ability of the Qualified Entity to levy an unlimited property tax to pay debt service. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to adopt the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. The State Board of Tax Commissioners published the new assessment rules, which were effective June 22, 2001. A general reassessment of real property in the State commenced in 2001 and is continuing in some counties. Reassessment was not completed in time to allow for the collection of all of the property taxes in 2003 or 2004 for the counties in which the Qualified Entities are located. The existence and duration of delays are expected to vary in each of these counties and are subject to a number of factors including the duration of the processing time necessary to complete the property tax assessment and collection process at the Offices of the County Assessors, the County Auditors and the County Treasurers and at the Department of Local Government Finance. A portion of the proceeds from the sale of the Bonds will be used to pay all or a portion of the interest due on the Bonds on or before July 15, 2006. In addition, the Qualified Entities located in these counties have other alternatives for the payment of debt service, including using other funds or obtaining a temporary borrowing in anticipation of the delayed tax collections. However, no assurances can be given by the Bond Bank regarding the feasibility of any such alternatives or when all counties will complete reassessment.

Enforcement of Qualified Obligations

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

BOND INSURANCE

Financial Guaranty Insurance Company (the "Bond Insurer") has supplied the following information for inclusion in this Official Statement. Reference is made to Appendix D for a specimen of the Bond Insurer's policy.

Payments Under the Policy

Concurrently with the issuance of the Bonds, the Bond Insurer will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the Bond Bank. The Bond Insurer will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal or interest (as applicable) is due or on the business day next following the day on which the Bond Insurer shall have received notice (in accordance with the terms of the Policy) from an owner of the Bonds or

the Trustee of the nonpayment of such amount by the Bond Bank. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal or interest shall be vested in the Bond Insurer. The term "nonpayment" in respect of a Bond includes any payment of principal or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Once issued, the Policy is non-cancellable by the Bond Insurer. The Policy covers failure to pay principal of the Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. The Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the Bonds is accelerated, the Bond Insurer will only be obligated to pay principal and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, the Bond Insurer will become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policy does not insure any risk other than nonpayment by the Bond Bank. Specifically, the Policy does not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal or interest caused by the insolvency or negligence or any other act or omission of the Trustee.

As a condition of its commitment to insure the Bonds, the Bond Insurer may be granted certain rights under the Bond documentation. The specific rights, if any, granted to the Bond Insurer in connection with its insurance of the Bonds may be set forth in the description of the principal legal documents appearing elsewhere in this Official Statement, and reference should be made thereto.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

The Bond Insurer

The Bond Insurer, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. The Bond Insurer is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), affiliates of The Blackstone Group L.P. ("Blackstone"), affiliates of The Cypress Group L.L.C. ("Cypress") and affiliates of CIVC Partners L.P. ("CIVC") acquired FGIC Corporation (the

"FGIC Acquisition") from a subsidiary of General Electric Capital Corporation ("GE Capital"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately $284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately $234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by the Bond Insurer.

The Bond Insurer is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("Article 69"), a comprehensive financial guaranty insurance statute. The Bond Insurer is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("SAP") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including the Bond Insurer, to financial guaranty insurance and certain related lines.

For the nine months ended September 30, 2004, and the years ended December 31, 2003 and December 31, 2002, the Bond Insurer had written directly or assumed through reinsurance, guaranties of approximately $43.5 billion, $42.4 billion and $47.9 billion par value of securities, respectively (of which approximately 57%, 79% and 81%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately $250.7 million, $260.3 million and $232.6 million, respectively. For the nine months ended September 30, 2004, the Bond Insurer had reinsured, through facultative arrangements, approximately 0.1% of the risks it had written.

As of September 30, 2004, the Bond Insurer had net admitted assets of approximately $3.015 billion, total liabilities of approximately $1.877 billion, and total capital and policyholders' surplus of approximately $1.138 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of the Bond Insurer as of September 30, 2004, and the audited financial statements of the Bond Insurer as of December 31, 2003 and December 31, 2002, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "BOND INSURANCE," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by the Bond Insurer with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of the Bond Insurer (if any) included in documents filed by the Bond Bank with the NRMSIRs subsequent to the date of this Official Statement and prior to

the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

The Bond Insurer also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of the Bond Insurer's most recent GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

The Bond Insurer's Credit Ratings

The financial strength of the Bond Insurer is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of the Bond Insurer. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Bond Insurer does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

Neither the Bond Insurer nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Official Statement or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to the Bond Insurer or the Policy under the heading "BOND INSURANCE." In addition, the Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

THE PROGRAM

General

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

As a solution to this problem, the General Assembly enacted and subsequently amended Indiana Code 20-5-4-1.7, legislation authorizing school corporations to issue general obligation bonds to implement solutions to contractual retirement or severance liability. These bonds are payable out of unlimited ad valorem taxes to be collected on the taxable property within the boundaries of the school corporation. The school corporation's authority to issue such bonds is

subject to the following limitations: (i) the school corporation may issue such bonds only one time and the bonds have to be issued before December 31, 2004; (ii) the solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001; (iii) the amount of bonds that may be issued for the purpose described above may not exceed two percent of the true tax value of property in the school corporation; and (iv) each year that a debt service levy is needed to satisfy the payment obligations on the bonds, the school corporation will reduce its total property tax levy for the school corporation's transportation, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for debt service.

In order to facilitate the implementation of solutions to the contractual retirement or severance liability by the school corporations, the Bond Bank has established the Program, pursuant to which it will issue its bonds, including the Bonds, and use the proceeds to purchase pools of bonds issued by school corporations, including the Qualified Obligations.

Program Participation and Borrowing Limits

To be considered for participation in the Program, a Qualified Entity submits an application to the Bond Bank. Application information and data supplied by each Qualified Entity seeking to participate in the Program included among other things the following: the unaudited receipts and disbursements for calendar year 2003; the anticipated receipts and disbursements for calendar year 2004; a list of the ten largest taxpayers; tax collection history; historical and projected budget and levy information; and general economic and demographic information and data.

Upon receipt of applications for participation in the Program, each applying Qualified Entity is analyzed to determine, consistent with the purposes of the Bond Bank, whether such Qualified Entity would be recommended to participate in the Program. Such analysis consists of an internal financial review undertaken by the Bond Bank with the assistance of Crowe Chizek and Company LLC, as financial advisor to the Bond Bank. The Qualified Entities described in Appendix A have applied for participation in the Program, have been analyzed by the Bond Bank and its financial advisor and have been approved for participation in the Program by the Board of Directors of the Bond Bank.

The amount which a Qualified Entity may borrow from the Bond Bank under the Program is approved by the Department of Local Government Finance. Based on documentation and estimates supplied by such Qualified Entity at or prior to the time of the issuance of the Bonds, the Bond Bank's financial advisor has performed certain computations to verify that such amount does not exceed two percent of the true tax value of property within the boundaries of the Qualified Entity.

Each Qualified Entity is required to represent and warrant certain matters to the Bond Bank in order to be eligible to participate in the Program. See "FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT" in Appendix E.

Refunding Bonds

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

Additional Borrowings

Concurrently with the issuance of the Bonds, the Bond Bank intends to issue its Taxable School Severance Funding Bonds Series 8 A in the aggregate principal amount of $136,920,000 (the "Series 8 A Bonds"). The Series 8 A Bonds and the Bonds will be separately secured. The Series 8 A Bonds and the security therefor are described in an official statement of the Bond Bank, copies of each official statement are available from the Bond Bank upon request. The Bond Bank expects to issue one more series of Taxable School Severance Funding Bonds before the end of 2004, which bonds will be separately secured from the Bonds.

RISK FACTORS

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

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

There is no source of funds available to make up for any deficiencies in the event of one or more defaults by one or more Qualified Entities in such payments on the Qualified Obligations. There can be no representation or assurance that all of the Qualified Entities participating in the Program will receive sufficient taxes or other revenues or otherwise have sufficient funds available to make their required payments on the Qualified Obligations. The Qualified Entities are required by law to levy a tax sufficient to pay debt service on their respective Qualified Obligations, although the receipt of such revenues by any Qualified Entity is subject to, among other things, future economic conditions, actions by creditors, delays in tax collections as a result of reassessment and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of Qualified Obligations, see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

— Provisions for Payment of the Qualified Obligations," "— Procedures for Property Assessment, Tax Levy and Collection" and "THE PROGRAM."

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

THE BONDS

General Description

The Bonds are issuable under the Indenture as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Each Bond will be dated the date of delivery and will bear interest from the most recent Interest Payment Date on which interest was paid prior to the date of authentication of such Bond, unless the Bond is authenticated on or before June 30, 2005, in which case interest will be paid on the original date of the Bond, or unless the Bond is authenticated after a Record Date but on or before the related Interest Payment Date, in which case interest will be paid from the related Interest Payment Date.

The Bonds will be issued in the aggregate principal amount of $70,540,000, and will mature and bear interest as set forth on the inside cover page of this Official Statement.

For so long as the Bonds are registered in the name of The Depository Trust Company ("DTC") or its nominee, payments of the principal of, premium, if any, and interest on the Bonds will be paid only to DTC or its nominee. Interest on the Bonds will be paid on each Interest Payment Date by wire transfer to DTC or its nominee. Principal will be paid to DTC or its nominee upon presentation and surrender of the Bonds at the principal office of the Trustee. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal or interest on the Bonds. See "THE BONDS – Book-Entry-Only System."

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

Special Optional Redemption

The Bond maturing on January 15, 2007 is subject to special optional redemption, in whole or in part, prior to maturity on ten days' notice at par.

Optional Redemption

The Bonds maturing on and after July 15, 2015 are subject to optional redemption, in whole or in part, prior to maturity on and after January 15, 2015 at par.

Mandatory Redemption

The Bond maturing on January 15, 2026 is subject to mandatory sinking fund redemption prior to maturity at a price equal to the principal amount thereof, but without premium, plus accrued interest to the redemption date, on the dates indicated below:

Date	Principal Amount
January 15, 2021	$1,790,000
July 15, 2021	1,835,000
January 15, 2022	1,880,000
July 15, 2022	1,935,000
January 15, 2023	1,980,000
July 15, 2023	2,040,000
January 15, 2024	2,105,000
July 15, 2024	2,160,000
January 15, 2025	2,215,000
July 15, 2025	950,000
January 15, 2026†	985,000

† Final Maturity.

The Trustee is required to credit against the mandatory sinking fund requirement for the Bond maturing on January 15, 2026 as set forth above, any Bonds delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or canceled will be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date. Any amount in excess of such amount will be credited to future redemption obligations, and the principal amount of such Bonds to be redeemed by operation of the mandatory sinking fund requirements will be accordingly reduced; provided, however, the Trustee will credit such Bond only to the extent they are received on or before 45 days preceding the applicable mandatory redemption date as set forth above.

Notice of Special Optional Redemption

Notice of a special optional redemption, identifying the Bonds to be redeemed, will be given by the Trustee at least 10 days prior to the Redemption Date by mailing a copy of the redemption notice by registered or certified mail to the registered Owner of each Bond to be redeemed at the address shown on the Bond Register.

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

Notice of Redemption

Notice of any redemption, identifying the Bonds to be redeemed, will be given by the Trustee at least 30 days but not more than 45 days prior to the Redemption Date by mailing a copy of the redemption notice by registered or certified mail to the registered Owner of each Bond to be redeemed at the address shown on the Bond Register.

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

Redemption Payments

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

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

Selection of Bonds for Redemption

If fewer than all of the Bonds are to be redeemed, the Bonds will be redeemed only in whole multiples of $5,000. For purposes of redemption, each $5,000 of principal will be considered as a Bond. If fewer than all of the Bonds will be called for redemption, the principal

amount and maturity of the particular Bonds to be redeemed will be selected by the Bond Bank. The Trustee will select the particular Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine.

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

Exchange and Transfer

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

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

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

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The 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 Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct

Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank 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 Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursements of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of Bonds	$70,540,000
TOTAL SOURCES	$70,540,000
Uses of Funds:	
Deposit to General Fund[1]	$ 5,270,000
Acquisition of Qualified Obligations	64,342,280
Costs of Issuance[2]	927,720
TOTAL USES	$70,540,000

[1] Capitalized interest through July 15, 2006.

[2] Includes Underwriters' discount and the premium for the municipal bond insurance policy.

THE INDIANA BOND BANK

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

Powers Under the Act

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

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;

2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;

4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;

5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;

6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;

7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;

8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;

9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;

10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and

11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at $1,000,000,000. Such aggregate limit of $1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

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

1. Lend money other than to a qualified entity;

2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;

3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;

4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or

5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

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

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

Directors

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

Tim Berry, Treasurer of the State of Indiana, February 10, 1999 to present and Chairman Ex Officio. Residence: Indianapolis, Indiana. Member, Indiana State Board of Finance; Vice-Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board

for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority; Allen County, Indiana Treasurer 1990 to February, 1999.

Charles W. Phillips, Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962 to 1985; Former Examiner, Federal Deposit Insurance Corporation.

Clark H. Byrum, Vice Chairman; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

C. Kurt Zorn, Director; term expired July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to present; Chairman, State Board of Tax Commissioners, January 1991 to August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987 to 1994 (on leave 1989 to 1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Russell Breeden, III, Director; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to 2002. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc., 1988 to present.

Marni McKinney; Director, term expired July 1, 2004. Residence: Indianapolis, Indiana. Vice President, 1984 to 1999 and Chairman of the Board, 1999 to present, First Indiana Bank; President and CEO, The Somerset Group, 1995 to 2000; Vice Chairman and Chief Executive Officer, First Indiana Corporation, 1999 to present; Board of Directors, The Children's Museum and Community Hospitals of Indiana, Inc.; Investment Committee Member, The Indianapolis Foundation.

Morris H. Mills, Director, term expired July 1, 2003. Residence: Ladoga, Indiana. Partner, Mills Bros. Farms; Member, Indiana State Senate, 1972 to 2000; Member, Indiana State House of Representatives, 1968 to 1972; Director and Officer, Maplehurst Group, 1954 to 1996.

Although the expiration date of the terms of five Directors has passed, the Act provides that their terms will not expire until their successors are appointed and qualified. No such successors have been appointed and qualified.

The Board is authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board. Dan Huge was appointed

Executive Director of the Indiana Bond Bank on October 9, 2001. Mr. Huge previously served as the Deputy Director of The Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Huge has over 19 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

OPERATION OF FUNDS AND ACCOUNTS

The Indenture creates and establishes a General Fund which will be held by the Trustee and will consist of the following accounts:

1. General Account
2. Redemption Account
3. Bond Issuance Expense Account

General Account

The Trustee will deposit $69,612,280 from Bond proceeds in the General Account of the General Fund, $64,342,280 of which will be used to purchase the Qualified Obligations. The remainder of the proceeds deposited in the General Account will be used to pay all or a portion of the interest due on the Bonds on or before July 15, 2006. The Trustee will also deposit in the General Account all Revenues and all income or gain on Investment Securities attributable to any fund or account.

Moneys in the General Account of the General Fund will be disbursed as follows: (i) on the date of delivery of the Bonds, to purchase Qualified Obligations as set forth in the Indenture, upon the submission of requisitions of the Bond Bank signed by an Authorized Officer stating that all requirements for the purchase of the Qualified Obligations have been or will be satisfied; (ii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay interest due to be paid on Outstanding Bonds on such Interest Payment Date; and (iii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Bonds on such Interest Payment Date.

Redemption Account

There will be deposited in the Redemption Account all moneys received upon the sale or optional or mandatory redemption (prior to maturity) of Qualified Obligations and all other moneys required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Account will be distributed as follows: (i) on the fifteenth day of each month, to the General Account, an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed prior to maturity, (ii) on the second Business Day prior to any Interest Payment Date, if amounts in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, to the General Account amounts in the Redemption Account available for such transfer and not otherwise committed under the Indenture to the redemption of Bonds for which notice of redemption has been given; and (ii) after provision has been made for the payments required under (i) and (ii) above to (a) redeem Bonds of such maturity or maturities as may be directed by

an Authorized Officer if such Bonds are then subject to redemption or (b) purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds will then be subject to redemption. Such price may not, however, exceed the redemption price which would be payable on the next ensuing redemption date on which the Bonds so purchased are redeemable according to their terms. The Trustee will pay the interest accrued on any Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of forty-five (45) days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption.

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

Bond Issuance Expense Account

The Trustee will deposit $219,498 of the proceeds of the Bonds in the Bond Issuance Expense Account for the purpose of paying the costs associated with issuing the Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. All funds in the Bond Issuance Expense Account which are not expended for Costs of Issuance prior to February 1, 2005 will be transferred to the General Account of the General Fund.

Amounts Remaining in Funds

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

Investment of Funds

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

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal. The Bond Bank may direct the Trustee to invest all moneys held in the General Account relating to the Bonds pursuant to the provisions of an investment agreement (the "Investment Agreement").

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited as

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

THE BONDS AS LEGAL INVESTMENTS

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

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, (2) prohibiting the Bond Bank from purchasing the Qualified Obligations with the proceeds of such Bonds, (3) in any way contesting or affecting the validity of the Bonds or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Qualified Entities

Upon the issuance of the Qualified Obligations, the Bond Bank will receive a certification from each Qualified Entity described in Appendix A to the effect that (i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, pending or threatened against such Qualified Entity, wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by such Qualified Entity's Purchase Agreement and (ii) the information provided to the Bond Bank by such Qualified Entity in connection with its participation in the Program did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

TAX MATTERS

Interest on the Bonds is **not** excludable from gross income for federal income tax purposes. In the opinion of Ice Miller, Bond Counsel, under law existing and in effect on the

date of such opinion, interest on the Bonds is exempt from income taxation in the State of Indiana.

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

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the Bond Bank are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Bond Bank by its counsel, Barnes & Thornburg LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw LLP, Chicago, Illinois.

Ice Miller, Indianapolis, Indiana, serves as counsel to the Qualified Entities (with the exception of North Lawrence Community Schools and South Dearborn Community School Corporation) in connection with the issuance and sale of their respective Qualified Obligations and will be passing on certain legal matters in connection therewith. Bose McKinney & Evans LLP, Indianapolis, Indiana, serves as counsel to North Lawrence Community Schools and South Dearborn Community School Corporation in connection with the issuance and sale of their respective Qualified Obligations and will be passing on certain legal matters in connection therewith.

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

enforcement may adversely affect public health and welfare may be subject to the police powers of the State or any of the Qualified Entities.

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

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA-" to the Bonds if they are issued without bond insurance and a rating of "AAA" if they are issued with bond insurance. This rating reflects only the view of S&P. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or marketability of the Bonds.

UNDERWRITING

Under a bond purchase contract entered into between the Underwriters listed on the cover page of this Official Statement and the Bond Bank, the Bonds are being purchased by the Underwriters for reoffering at an aggregate purchase price of $70,011,125.11. The purchase price reflects an aggregate Underwriters' discount of $528,874.89. The bond purchase contract provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligations of the Bond Bank to deliver the Bonds and of the Underwriters to accept delivery of the Bonds are subject to various conditions contained in the bond purchase contract.

The Underwriters have agreed to make an initial public offering of all of the Bonds at yields not less than the yields set forth on the cover page of this Official Statement.

CONTINUING DISCLOSURE

General

Pursuant to the terms of the Indiana Bond Bank Continuing Disclosure Agreement, the Bond Bank, while the Bonds are outstanding (unless the Bonds are defeased), has agreed to provide to each nationally recognized municipal securities information repository ("NRMSIR"), or to the Municipal Securities Rulemaking Board, and to the Indiana State Information Depository then in existence, if any (the "State Depository"), the following event notices with respect to the Bonds, if material, and in a timely manner:

1) principal and interest payment delinquencies;
2) non-payment related defaults;
3) unscheduled draws on debt service reserves reflecting financial difficulties;
4) unscheduled draws on credit enhancements reflecting financial difficulties;

5) substitution of credit or liquidity providers, or their failure to perform;
6) adverse tax opinions or events affecting the tax-exempt status of the security;
7) modifications to rights of security holders:
8) bond calls;
9) defeasances;
10) release, substitution or sale of property securing repayment of the securities; and
11) rating changes.

Each Qualified Entity, while the Bonds are outstanding or until its Qualified Obligations are legally defeased, redeemed or paid in full, has agreed to provide to the Bond Bank the preceding event notices with respect to its Qualified Obligations if material, and in a timely manner. The disclosure obligations of the Bond Bank and each of the Qualified Entities are referenced as the "Undertakings."

Remedy

The purpose of the Undertakings is to enable the Underwriters to purchase the Bonds in satisfaction of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Undertakings are solely for the benefit of the holders and Beneficial Owners of the Bonds. The sole remedy against the Bond Bank or any Qualified Entity for any failure to carry out any provision of the Undertakings will be for specific performance of the Bond Bank's or such Qualified Entity's disclosure obligations under the Undertakings. The Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds, will), or any holder or Beneficial Owner of the Bonds, may seek a mandate or specific performance by court order, to cause the Bond Bank or Qualified Entity to comply with its obligations under the Undertakings. For the purposes of this section only, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding any Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bond for federal income tax purposes.

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

Modification of Undertakings

The Bond Bank, the Trustee and any Qualified Entity may, from time to time, amend any provision of the Undertakings without the consent of the holders or Beneficial Owners of the Bonds if: (a) such amendment (if related to certain provisions of the Undertakings) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or any Qualified Entity or type of business conducted, (b) the respective Undertaking, as so amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule on the date of execution thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) such amendment either (i) is approved by the holders of the Bonds in the same manner as provided in the Indenture for amendments to

the Indenture with the consent of holders or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

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

Compliance with Previous Undertakings

In the previous five years, the Bond Bank and each of the Qualified Entities have never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

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

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

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture.

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

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

INDIANA BOND BANK

By: _____

Chairman Ex Officio

APPENDIX A

SUMMARY OF INFORMATION
REGARDING THE QUALIFIED ENTITIES

BROWN COUNTY SCHOOL CORPORATION

General

Brown County School Corporation encompasses approximately 325 square miles of Brown County, Indiana and includes the Townships of Jackson, Hamble, Washington, Johnson and Van Buren; and includes the Town of Nashville. The 2003 population of the School Corporation was 15,313.

The most recent audit by the State Board of Accounts was filed on June 23, 2003 for the period July 1, 2000 to June 30, 2002. The current audit period for the School Corporation began July 1, 2002 and concluded on June 30, 2004.

School Corporation Enrollment

The historic and projected total enrollments for Brown County School Corporation are:

School Year	Enrollment
2004-2005(1)	2,281
2003-2004	2,262
2002-2003	2,262
2001-2002	2,316
2000-2001	2,408

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	In Process(1)	N/A	N/A	$8,344,227(2)	$ 1,519,865(2)
2003	In Process (1)	57.78% (3)	N/A	8,514,517	1,006,931
2002	$400,802,745(4)	104.31(5)	$ 1.7538(4)	8,395,276	1,012,020
2001	127,853,790	102.00	4.9757	8,772,708	1,118,174
2000	125,974,760	110.22(5)	4.9152	8,709,843	1,125,633

(1) 2002 Pay 2003 and 2003 Pay 2004 assessed values not completed.

(2) Estimated

(3) Reflects payments of 2002 Pay 2003 property taxes through 2003. Additional 2002 Pay 2003 property taxes will be collected in 2004 and 2005 as a result of delays in mailing property tax bills due to reassessment.

(4) Prior to the 2001 pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

(5) High reported collections due to errors in the estimation of assessed value during the budget setting process.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 3,216,020	$ 631,783	$ 1,372,834	$ 152,938	$ 1,320,460	$ 11,857
Bank & Excise	203,049	40,329	86,509	10,040	83,610	750
State Grants	8,186,405	-	117,235	-	-	95,566
Miscellaneous (1)	678,604	1,689	6,072	-	1,099,404	-
Total	$ 12,284,078	$ 673,801	$ 1,582,650	$ 162,978	$ 2,503,474	$ 108,173
Disbursements	$ 13,148,381	$ 1,153,821	$ 1,663,375	$ 123,347	$ 2,156,490	$ 110,353

(1) Includes investments outstanding.

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 4,619,113	$ 1,867,219	$ 1,685,539	$ 91,413	$ 1,675,977	$ 28,686
Bank & Excise	692,292	135,528	294,995	34,149	285,098	2,557
State Grants	8,122,286	-	-	-	-	108,814
Miscellaneous	295,600	-	-	-	-	-
Total	$ 13,729,291	$ 2,002,747	$ 1,980,534	$ 125,562	$ 1,961,075	$ 140,057
Disbursements	$ 13,835,435	$ 1,469,865	$ 2,433,000	$ 182,668	$ 2,248,095	$ 137,500

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004(1)	$ 694,582	$ 685,952	$ 1,020,414	$ 45,898	$ 412,807	$ 2,557	$2,391,262	$5,253,472
2003(2)	800,726	153,070	1,472,880	103,004	699,827	-	16,132,163	19,361,670
2002(2)	1,665,029	633,090	1,553,605	63,373	352,843	2,180	12,548,281	16,818,401
2001(2)	2,512,740	845,946	1,068,012	564	142,936	46,108	4,095,894	8,712,200
2000(2)	2,963,677	667,009	962,269	(1,019)	247,845	37,683	104,336	4,981,800

(1) Estimated

(2) Includes investments outstanding

Current School Corporation Indebtedness

General Obligation Bonds - Now Outstanding	$	1,775,000
- Proposed Bonds		1,040,000
Lease Obligations		6,750,000
Veterans and Common School Loans		-
Total Outstanding Debt	$	9,565,000
Assessed Valuation (2001 Payable 2002)	$	400,802,745
Debt as a % of 2001/2002 Assessed Valuation		2.39%
Population as of Year 2003		15,313
Total School Corporation Indebtedness Per Capita	$	625

Ten Largest Taxpayers

Taxpayer	Business or Product	2001 Pay 2002 Assessed Valuation	% of 2001/2002 Total Assessed Valuation
Indiana Bell Telephone	Utility	$ 9,802,920	2.45%
South Central REMC	Utility	6,031,980	1.50
PSI Energy	Utility	3,603,650	0.90
Brown County Inn, Inc.	Hotel	2,436,500	0.61
IT'S Inc.	Hotel/Conference Center	2,035,000	0.51
Davis Development	Grocery Store	1,765,300	0.44
Nashville Golf, LLC	Golf Course	1,680,600	0.42
Brown County Community Care	Nursing Home	1,299,000	0.32
Hotel Nashville, Inc.	Hotel	1,166,200	0.29
For Bare Feet	Retail	1,048,200	0.26

EASTBROOK COMMUNITY SCHOOL CORPORATION

General

Eastbrook Community School Corporation encompasses approximately 140 square miles in Grant County, Indiana and includes the Townships of Jefferson, Monroe, Van Buren and seventy percent of Washington Township; and includes the Towns of Mathews, Upland and Van Buren; and Gas City. The 2000 population of the School Corporation was 9,497.

The most recent audit by the State Board of Accounts was filed on March 21, 2003 for the period July 1, 2000 to June 30, 2002. The current audit period for the School Corporation began July 1, 2002 and concluded on June 30, 2004.

School Corporation Enrollment

The historic and projected total enrollments for Eastbrook Community School Corporation are:

School Year	Enrollment
2004-2005(1)	1,753
2003-2004	1,784
2002-2003	1,763
2001-2002	1,735
2000-2001	1,734

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	$ 312,860,437(1)	N/A	$ 2.8835(1)	$ 6,864,407(1)	$ 861,108(1)
2003	333,769,220(2)	100.03%(3)	2.1717	6,841,819	1,124,789
2002	217,778,210(3)	99.75	2.2675(3)	6,619,508	478,460
2001	70,498,670	98.81	4.8253	6,509,175	484,188
2000	68,215,240	97.73	4.8256	6,209,546	489,205

(1) Estimated

(2) Increase due to reassessment.

(3) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a real property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 547,700	$ 242,357	$ 97,618	$ 25,538	$ 229,146	$ 2,631
Bank & Excise	281,331	173,863	50,218	13,317	116,517	1,548
State Grants	6,722,445	31,882	64,042	-	-	23,450
Miscellaneous (1)	1,139,329	132,747	286,874	-	228,062	-
Total	$ 8,690,805	$ 580,849	$ 498,752	$ 38,855	$ 573,725	$ 27,629
Disbursements	$ 8,937,189	$ 1,030,831	$ 584,091	$ 49,079	$ 776,165	$ 67,305

(1) Includes temporary loans

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 2,550,896	$ 1,169,442	$ 594,775	$ 93,720	$ 1,487,976	$ 6,756
Bank & Excise	257,640	127,234	46,300	11,900	93,796	965
State Grants	6,797,707	65,500	-	-	-	1,200
Miscellaneous (1)	1,535,579	-	284,787	75,518	292,955	-
Total	$ 11,141,822	$ 1,362,176	$ 925,862	$ 181,138	$ 1,874,727	$ 8,921
Disbursements	$ 9,765,154	$ 1,255,613	$ 667,500	$ 110,000	$ 1,629,000	$ 3,813

(1) Includes temporary loans

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004 (1)	$ 2,074,299	$ (233,365)	$ 324,843	$ 66,987	$ 300,599	$ 19,652	$ -	$ 2,553,015
2003	697,631	(339,928)	66,481	(4,151)	54,872	14,544	641,872	1,131,321
2002	944,015	110,054	151,820	6,073	257,312	54,220	2,836,915	4,360,409
2001	1,051,461	92,778	246,147	14,501	208,076	17,236	161,861	1,792,060
2000	945,232	74,267	306,317	32,738	301,497	5,587	237,228	1,902,866

(1) Estimated. Excess funds in the General Fund will be used to offset any negative balances.

Current School Corporation Indebtedness

General Obligation Bonds	- Now Outstanding	$ -
	- Proposed Bonds	2,720,000
Lease Obligations		9,193,000
Veterans and Common School Loans		2,868,408
Total School Corporation Indebtedness		$ 14,781,408
Assessed Valuation (2002 Payable 2003)		$ 333,769,220
Debt as a % of 2002/2003 Assessed Valuation		4.43%
Population as of Year 2000		9,497
Total School Corporation Indebtedness Per Capita		$ 1,556

Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
Weaver Popcorn	Popcorn	$ 5,896,650	1.77%
Ohio Logistics	Warehouse	3,202,500	0.96
Ballinger, Randy A.	Golf Course	1,526,900	0.46
Pierce Co., Inc.	Manufacturing Assembly	1,368,200	0.41
Indiana HCP	Nursing Home	1,170,600	0.35
Hart, J. Dean	Golf Course	1,106,700	0.33
Primary Care of Delaware County	Medical Clinic	968,800	0.29
JBK Enterprises	Hotel	837,370	0.25
County Stores Property	Commercial Real Estate	769,000	0.23

GREATER CLARK COUNTY SCHOOL CORPORATION

General

Greater Clark County School Corporation encompasses approximately 384 square miles of Clark County, Indiana and includes the Townships of Bethlehem, Charlestown, Utica, Oregon, Owen, Washington and a portion of Jeffersonville; and includes the Cities of Charlestown, Jeffersonville and a portion of the Town of Clarksville. The 2000 population of the School Corporation was 81,323.

The most recent audit by the State Board of Accounts was filed on May 5, 2004 for the period July 1, 2001 to June 30, 2003. The current audit period for the School Corporation began July 1, 2003 and will conclude on June 30, 2005.

School Corporation Enrollment

The historic and projected total enrollments for Greater Clark County School Corporation are:

School Year	Enrollment
2004-2005(1)	10,482
2003-2004	10,267
2002-2003	9,903
2001-2002	9,851
2000-2001	9,725

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	In Process	N/A(1)	N/A	$ 43,603,672(2)	$ 4,505,747(2)
2003	$2,372,858,050(3)	N/A(1)	$ 1.2310	43,264,373	5,288,875
2002	1,523,845,910(4)	99.48%	1.7640(4)	41,139,861	4,125,615
2001	486,441,420	101.25	5.1700	40,633,554	4,129,157
2000	465,062,630	102.23	5.2400	39,133,301	4,369,433

(1) 2002 Pay 2003 tax bills were mailed in August 2004 and are due October 2004. 2003 Pay 2004 tax bills will be due May 2005.

(2) Estimated

(3) Increase due to reassessment.

(4) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a real property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 9,612,190	$ 1,385,358	$ 1,604,988	$ 57,442	$ 2,213,194	$ 27,876
Bank & Excise	1,638,097	236,091	273,520	9,789	377,170	4,751
State Grants	41,800,702	173,298	297,785	-	-	435,610
Miscellaneous	2,632,481	2,339,209	2,769,271	126,400	2,897,249	-
Total	$ 55,683,470	$ 4,133,956	$ 4,945,564	$ 193,631	$ 5,487,613	$ 468,237
Disbursements	$ 68,851,070	$ 5,288,874	$ 5,371,782	$ 291,602	$ 5,520,335	$ 728,812

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 7,641,442	$ 1,513,325	$ 1,429,665	$ 217,811	$ 3,385,998	$ 50,428
Bank & Excise	939,579	205,676	204,079	31,334	483,665	11,699
State Grants	42,791,471	-	-	-	-	483,339
Miscellaneous (1)	39,568,848	9,000,000	6,450,490	55,855	4,929,094	-
Total	$ 90,941,340	$ 10,719,001	$ 8,084,234	$ 305,000	$ 8,798,757	$ 545,466
Disbursements	$ 88,054,507	$ 9,044,001	$ 8,084,234	$ 347,754	$ 8,798,757	$ 538,248

(1) Includes interfund loans and a temporary borrowing of $25,000,000 to be repaid June 30, 2005.

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004[1]	$ 10,321,276	$ 1,675,000	$ -	$ -	$ -	$ 143,109	$ 3,030,760	$ 15,170,145
2003	7,434,443	-	-	42,754	-	135,891	6,404,523	14,017,611
2002	20,602,043	1,154,918	426,217	140,725	32,722	396,466	6,111,552	28,864,643
2001	20,948,118	2,079,626	651,312	325,367	(89,895)	98,110	11,250,823	35,263,461
2000	22,551,491	3,352,878	919,177	190,933	266,142	67,340	7,887,912	35,235,873

(1) Estimated

Current School Corporation Indebtedness

General Obligation Bonds - Now Outstanding	$	1,500,000
- Proposed Bonds		16,000,000
Lease Obligations		8,322,503
Veterans and Common School Loans		2,269,238
Total School Corporation Indebtedness	$	28,091,741
Assessed Valuation (2002 Payable 2003)		$2,372,858,050
Assessed Valuation (2001 Payable 2002)		$1,523,845,910
Debt as a % of 2002/2003 Assessed Valuation		1.18%
Population as of Year 2000		81,323
Total School Corporation Indebtedness Per Capita	$	345

Ten Largest Taxpayers

Taxpayer	Business or Product	2001 Pay 2002 Assessed Valuation	% of 2001/2002 Total Assessed Valuation
Indiana American Water Company	Water Utility	$ 28,112,400	1.84%
River Falls Mall/RF Partners(1)	Retail Mall	26,845,740	1.76
SBC	Telephone Utility	18,200,120	1.19
Cinergy	Electric Utility	16,667,830	1.09
Jeff Boat	Boats and Towboats	15,959,260	1.05
Vogt Valve/Edward Valve Co.	Valves	15,793,110	1.04
Meijer	Retail	14,437,520	0.95
Indiana Gas	Natural Gas Utility	13,162,520	0.86
Chemtrusion Inc.	Plastic Compounding	9,967,990	0.65
NIBCO Inc.	Thermoplastic Pipes, Valves and Fittings	8,629,910	0.57

(1) Located within a Tax Increment Financing (TIF) allocation area.

MARION COMMUNITY SCHOOLS

General

Marion Community Schools encompasses approximately 64 square miles of Grant County, Indiana and includes the Townships of Center, Franklin, Washington and Pleasant; and includes the City of Marion. The 2000 population of the School District was 31,320.

The most recent audit by the State Board of Accounts was filed on February 18, 2004 for the period July 1, 2001 to June 30, 2003. The current audit period for the School District began July 1, 2003 and will conclude on June 30, 2005.

School District Enrollment

The historic and projected total enrollments for Marion Community Schools are:

School Year	Enrollment
2004-2005(1)	5,600
2003-2004	5,689
2002-2003	5,912
2001-2002	5,914
2000-2001	5,943

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	$1,392,630,191(1)	N/A	$1.4095(1)	$26,264,581(1)	$1,400,000(1)
2003	1,382,192,068(2)	89.34%(3)	1.2987	26,027,255	490,524
2002	999,076,090(4)	100.35	1.7216(4)	25,325,640	81,429
2001	339,637,260	98.59	4.9830	24,387,679	62,723
2000	341,348,545	98.60	5.0365	23,823,796	486,930

(1) Estimated

(2) Increase due to reassessment.

(3) Low reported collections due to errors in the estimation of assessed value during the budget setting process.

(4) Prior to the 2001 pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 3,944,873	$ 93,992	$ 441,683	$ 66,056	$ 904,336	$ 12,688
Bank & Excise	1,350,653	49,756	143,773	19,430	307,361	4,773
State Grants	25,422,645	100,894	96,216	-	-	140,385
Miscellaneous	60,950,957	1,196,114	7,795,292	51,291	11,876,925	2,297,305
Total	$ 91,669,128	$ 1,440,756	$ 8,476,964	$ 136,777	$ 13,088,622	$ 2,455,151
Disbursements	$ 91,752,497	$ 1,586,635	$ 8,589,868	$ 265,815	$ 15,322,604	$ 2,569,468

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 13,938,000	$ 950,067	$ 1,489,450	$ 217,719	$ 2,840,035	$ 85,709
Bank & Excise	1,363,606	102,450	137,550	21,600	305,000	3,575
State Grants	25,841,627	-	-	-	-	145,780
Miscellaneous	1,203,000	350,000	54,000	-	25,000	15,000
Total	$ 42,346,233	$ 1,402,517	$ 1,681,000	$ 239,319	$ 3,170,035	$ 250,064
Disbursements	$ 41,625,000	$ 1,400,000	$ 1,741,000	$ 237,000	$ 3,335,000	$ 285,000

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004 (1)	$ 2,849,836	$ 39,324	$ 74,722	$ (123,891)	$ 109,884	$ 84,035	$ 3,000,000	$ 6,033,910
2003	2,128,603	36,807	134,722	(126,210)	274,849	118,971	3,434,570	6,002,312
2002	2,211,972	182,686	247,626	2,828	2,508,831	233,288	3,185,869	8,573,100
2001	936,552	340,563	950	13,133	2,753,929	351,450	2,836,762	7,233,339
2000	2,656,861	386,628	289,189	62,461	1,909,229	426,414	2,720,464	8,451,246

(1) Estimated

Current School District Indebtedness

General Obligation Bonds - Now Outstanding	$ -
- Proposed Bonds	15,500,000
Lease Obligations	18,110,000
Veterans and Common School Loans	-
Total School District Indebtedness	$ 33,610,000
Assessed Valuation (2002 Payable 2003)	$1,382,192,068
Debt as a % of 2002/2003 Assessed Valuation	2.43%
Population as of Year 2000	31,320
Total School District Indebtedness Per Capita	$ 1,073

Ten Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
General Motors	Metal Fabrication	$ 86,214,721	6.24%
North Park Plaza	Property Management	19,478,660	1.41
BICC General Cable	Electrical Wire and Cable	11,461,620	0.83
Lake County Trust	Property Management	10,422,800	0.75
Spicer Driveshaft	Automotive Parts	9,657,910	0.70
Indiana Gas	Utility	9,094,790	0.66
Wal-Mart	Retail	7,510,900	0.54
Teachers Retirement	Benefits Management	5,811,410	0.42
Tri-Net Essential Facility	Warehouse	5,593,730	0.40
Kerasotes Theaters	Movie Theater	5,567,800	0.40

MISSISSINEWA COMMUNITY SCHOOL CORPORATION

General

Mississinewa Community School Corporation encompasses approximately 24 square miles of Grant County, Indiana and includes the Township of Mill; and includes the Towns of Gas City and Jonesboro. The 2000 population of the School Corporation was 11,271.

The most recent audit by the State Board of Accounts was filed on February 2, 2004 for the period July 1, 2001 to June 30, 2003. The current audit period for the School Corporation began July 1, 2003 and will conclude on June 30, 2005.

School Corporation Enrollment

The historic and projected total enrollments for Mississinewa Community School Corporation are:

School Year	Enrollment
2004-2005 (1)	2,175
2003-2004	2,172
2002-2003	2,131
2001-2002	2,142
2000-2001	1,975

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	$258,307,674(1)	N/A	$1.6925(1)	$9,765,000(1)	$ 830,969(1)
2003	258,315,314(2)	96.30%(3)	1.3699	9,830,687	1,572,525
2002	188,315,155(4)	96.73(3)	1.7412(4)	9,896,195	435,500
2001	55,863,560	98.65	5.4177	9,352,452	459,210
2000	53,132,965	101.77	5.3102	9,064,945	461,123

(1) Estimated

(2) Increase due to reassessment.

(3) Low reported collections due to errors in the estimation of assessed value during the budget setting process.

(4) Prior to the 2001 pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 642,823	$ 194,686	$ 126,694	$ 26,212	$ 185,445	$ 2,622
Bank & Excise	318,330	94,014	63,839	12,993	121,875	1,429
State Grants	9,620,039	37,252	46,570	-	-	80,313
Miscellaneous	642,418	-	194,636	36,000	77,530	22,377
Total	$ 11,223,610	$ 325,952	$ 431,739	$ 75,205	$ 384,850	$ 106,741
Disbursements	$ 12,849,839	$ 1,572,525	$ 525,749	$ 90,437	$ 740,126	$ 86,398

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 2,117,348	$ 917,842	$ 425,805	$ 74,050	$ 828,600	$ 13,963
Bank & Excise	281,410	66,128	56,436	11,464	101,609	942
State Grants	9,670,248	-	-	-	-	43,037
Miscellaneous	465,000	-	52,000	-	10,000	45,558
Total	$ 12,534,006	$ 983,970	$ 534,241	$ 85,514	$ 940,209	$ 103,500
Disbursements	$ 14,045,600	$ 830,969	$ 555,000	$ 110,000	$ 1,551,613	$ 101,500

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004[1]	$ 440,470	$ 234,471	$ 15,802	$ 6,665	$ 878,672	$ 9,967	$ 250,000	$ 1,836,047
2003	1,952,064	81,470	36,561	31,151	1,490,076	7,967	262,397	3,861,686
2002	3,578,293	1,328,043	130,571	46,383	1,845,352	(12,376)	198,183	7,114,449
2001	3,427,221	798,049	165,255	47,147	2,134,981	(15,370)	237,079	6,794,362
2000	3,087,239	228,006	201,908	40,338	3,805,780	(10,054)	305,473	7,658,690

(1) Estimated

Current School Corporation Indebtedness

General Obligation Bonds	- Now Outstanding	$ -
	- Proposed Bonds	2,100,000
Lease Obligations		-
Veterans and Common School Loans		12,583,595
Total School Corporation Indebtedness		$ 14,683,595
Assessed Valuation (2002 Payable 2003)		$ 258,315,314
Debt as a % of 2002/2003 Assessed Valuation		5.68%
Population as of Year 2000		11,271
Total School Corporation Indebtedness Per Capita		$ 1,303

Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
Packaging Company of America	Packaging Products	$ 8,433,858	3.26%
American Woodmark	Cabinetry	4,055,475	1.57
Prestwick Square	Apartments	3,670,710	1.42
Indiana Bell	Telephone Utility	3,491,600	1.35
K-Mart	Retail	3,307,570	1.28
City of Gas City	Utility	2,403,200	0.93
Mike Anderson Chevrolet	Automobile Dealer	1,897,560	0.73
Assisted Living Concepts	Retirement Community	1,838,300	0.71
Colonial Crest LLC	Apartments	1,563,100	0.61

NORTH LAWRENCE COMMUNITY SCHOOLS

General

North Lawrence Community Schools encompasses approximately 325 square miles of Lawrence County, Indiana and includes the Townships of Guthrie, Indian Creek, Marshall, Perry, Pleasant Run, Shawswick and the northern part of Spice Valley; and includes the City of Bedford and the Town of Oolitic. The 2000 population of the School District was 33,979.

The most recent audit by the State Board of Accounts was filed on April 10, 2003 for the period July 1, 2000 to June 30, 2002. The current audit period for the School District began July 1, 2002 and concluded on June 30, 2004.

School District Enrollment

The historic and projected total enrollments for North Lawrence Community Schools are:

School Year	Enrollment
2004-2005 (1)	5,501
2003-2004	5,442
2002-2003	5,323
2001-2002	5,377
2000-2001	5,298

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	In Process	N/A	$1.6195(1)	$21,663,750(1)	$ 3,507,500(1)
2003	$972,203,260(2)	99.01%	1.3657	21,626,658	3,513,500
2002	606,155,940(3)	100.74	2.0803(3)	21,195,340	3,519,500
2001	194,956,930	100.58	6.2507	21,068,475	3,525,500
2000	190,434,430	99.84	6.1150	20,235,673	3,536,500

(1) Estimated

(2) Increase due to reassessment.

(3) Prior to the 2001 pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 3,199,000	$ 1,667,000	$ 1,136,000	$ 69,000	$ 1,209,000	$ 10,000
Bank & Excise	378,000	196,000	134,000	8,000	142,000	1,000
State Grants	21,191,731	-	272,999	-	-	161,928
Miscellaneous (1)	8,299,002	164,278	113,883	6,524	169,312	15,570
Total	$ 33,067,733	$ 2,027,278	$ 1,656,882	$ 83,524	$ 1,520,312	$ 188,498
Disbursements	$ 36,156,023	$ 3,743,016	$ 2,874,677	$ 159,191	$ 1,945,847	$ 152,653

(1) Includes temporary loans.

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 13,139,137	$ 3,362,419	$ 2,350,000	$ 152,567	$ 3,525,000	$ 24,000
Bank & Excise	1,180,000	547,000	455,000	22,800	396,000	3,580
State Grants	21,472,000	-	-	-	-	191,750
Miscellaneous (1)	5,022,500	-	306,300	-	-	3,500
Total	$ 40,813,637	$ 3,909,419	$ 3,111,300	$ 175,367	$ 3,921,000	$ 222,830
Disbursements	$ 36,115,000	$ 3,721,980	$ 3,125,000	$ 175,650	$ 3,255,000	$ 195,075

(1) Includes temporary loans.

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004 (1)	$ 4,350,532	$ (1,140,849)	$ (344,002)	$ (45,430)	$ 2,552,423	$ 63,600	$ -	$ 5,436,274
2003	(348,105)	(1,328,288)	(330,302)	(45,147)	1,886,423	35,845	2,293,620	2,164,046
2002	2,740,185	387,450	887,493	30,520	2,311,958	-	2,633,350	8,990,956
2001	2,289,384	438,721	1,050,930	13,574	2,226,868	(7,989)	2,339,413	8,350,901
2000	1,534,337	269,667	1,379,948	24,806	2,026,544	(11,098)	2,446,607	7,670,811

(1) Estimated. Excess funds in the General Fund will be used to offset any negative balances.

Current School District Indebtedness

General Obligation Bonds - Now Outstanding	$ -
- Proposed Bonds	10,500,000
Lease Obligations	36,522,031
Veterans and Common School Loans	150,000
Total School District Indebtedness	$ 47,172,031
Assessed Valuation (2002 Payable 2003)	$ 972,203,260
Debt as a % of 2002/2003 Assessed Valuation	4.85%
Population as of Year 2000	33,979
Total School District Indebtedness Per Capita	$ 1,388

Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
General Motors	Auto Aluminum Casting	$62,778,290	6.46%
Lehigh Cement Co.	Cement	26,465,620	2.72
Visteon Systems	Fuel Systems Components	9,440,010	0.97
Ford Electronics Refrigeration	Fuel Systems Components	6,961,380	0.72
Developers Diversified Corp.	Real Estate	5,803,000	0.60
Dana Corp.	Auto Heating Parts	5,782,000	0.59
PSI Energy	Utility	4,706,410	0.48
Developers Diversified Corp.	Real Estate	4,018,100	0.41

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION

General

South Dearborn Community School Corporation encompasses approximately 160 square miles in Dearborn County, Indiana and includes the Townships of Caesar Creek, Center, Clay, Hogan, Manchester, Sparta and Washington; and includes the Towns of Aurora, Dillsboro and Moores Hill. The 2002 population of the School Corporation was 17,124.

The most recent audit by the State Board of Accounts was filed on March 12, 2003 for the period July 1, 2000 to June 30, 2002. The current audit period for the School Corporation began July 1, 2002 and concluded on June 30, 2004.

School Corporation Enrollment

The historic and projected total enrollments for South Dearborn Community School Corporation are:

School Year	Enrollment
2004-2005 (1)	2,956
2003-2004	3,030
2002-2003	2,955
2001-2002	3,091
2000-2001	3,111

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	$ 615,542,757(1)	N/A	$ 1.7192(1)	$ 12,724,407(1)	$ 2,152,648(1)
2003	593,779,964(2)	99.32%	1.2808	12,842,467	2,186,164
2002	361,503,760(3)	101.34	1.7638(3)	12,703,497	2,219,109
2001	115,956,030	100.97	6.0825	12,796,344	2,494,385
2000	112,368,856	99.96	6.0825	12,386,642	2,253,672

(1) Estimated

(2) Increase due to reassessment.

(3) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a real property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 897,615	$ 606,648	$ 199,852	$ 19,302	$ 433,976	$ 4,333
Bank & Excise	269,403	134,077	44,170	4,266	95,914	957
State Grants	12,505,213	53,590	231,550	-	-	52,114
Miscellaneous (1)	4,557,404	573,043	498,174	164,269	-	-
Total	$ 18,229,635	$ 1,367,358	$ 973,746	$ 187,837	$ 529,890	$ 57,404
Disbursements	$ 19,454,852	$ 2,207,517	$ 1,275,402	$ 141,500	$ 2,419,291	$ 61,500

(1) Includes temporary loans

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 3,754,811	$ 2,221,625	$ 1,013,799	$ -	$ 3,528,049	$ 64,136
Bank & Excise	556,000	260,000	152,200	32,300	189,000	1,895
State Grants	12,673,220	-	-	-	-	51,187
Miscellaneous	6,159,518	841,566	1,018,689	-	-	15,676
Total	$ 23,143,549	$ 3,323,191	$ 2,184,688	$ 32,300	$ 3,717,049	$ 132,894
Disbursements	$ 18,988,699	$ 2,324,496	$ 1,397,454	$ -	$ 3,197,948	$ 80,000

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004 (1)	$ 3,521,788	$ 1,315,293	$ 570,801	$ 112,810	$ 1,190,938	$ 55,635	$ 2,890,930	$ 9,658,195
2003	(633,062)	316,598	(216,433)	80,510	671,837	2,741	2,190,525	2,412,716
2002	592,155	1,156,757	85,223	34,173	2,561,238	6,837	1,493,791	5,930,174
2001	899,381	1,295,555	26,537	89,667	1,948,146	67,000	933,766	5,260,052
2000	987,402	885,704	199,701	60,869	1,765,816	7,212	985,865	4,892,569

(1) Estimated

Current School Corporation Indebtedness

General Obligation Bonds	- Now Outstanding	$ -
	- Proposed Bonds	2,300,000
Lease Obligations		2,865,000
Veterans and Common School Loans		12,431,248
Total School Corporation Indebtedness		$ 17,596,248
Assessed Valuation (2002 Payable 2003)		$ 593,779,964
Debt as a % of 2002/2003 Assessed Valuation		2.96%
Population as of Year 2000		17,124
Total School Corporation Indebtedness Per Capita		$ 1,028

Ten Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
Aurora Casket Company	Caskets	$ 5,908,550	1.00%
Texas Gas Transmission	Utility	4,410,200	0.74
United Telephone	Utility	4,319,580	0.73
PSI Energy	Utility	3,695,150	0.62
SE Indiana Rural Telephone	Utility	2,508,010	0.42
Eagle Crusher	Crushing Machinery	1,880,420	0.32
Wal-Mart Stores	Retail	1,751,010	0.29
Applied Materials	Metallurgical Processing	1,656,950	0.28
CSX Transportation	Railroad	1,346,090	0.23
Unimim Corporation	Industrial Sand Gravel	1,231,850	0.21

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION

General

Sunman-Dearborn Community School Corporation encompasses approximately 160 square miles of Dearborn County, Indiana and Ripley County, Indiana and includes the Townships of Harrison, Jackson, Kelso, Rogan, Miller and York and the Towns of St. Leon and West Harrison in Dearborn County; and a major part of Adams Township including the Town of Sunman in Ripley County. The 2002 population of the School Corporation was 23,730.

The most recent audit by the State Board of Accounts was filed on April 26, 2004 for the period July 1, 2001 to June 30, 2003. The current audit period for the School Corporation began July 1, 2003 and will conclude on June 30, 2005.

School Corporation Enrollment

The historic and projected total enrollments for Sunman-Dearborn Community School Corporation are:

School Year	Enrollment
2004-2005(1)	4,322
2003-2004	4,244
2002-2003	4,220
2001-2002	4,219
2000-2001	4,128

(1) Estimated

Selected Statistical Information

Tax Payment Year	Assessed Valuation	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
2004	$1,037,491,772(1)	N/A	$1.5191(1)	$ 15,153,217(1)	$ 4,296,929(1)
2003	988,087,402(2)	103.60%	1.1592	14,230,038	4,104,044
2002	590,862,265(3)	101.26	1.7638(3)	15,059,574	2,354,158
2001	184,278,000	100.16	4.7419	15,281,457	2,364,252
2000	175,367,740	100.22	4.5511	14,815,891	2,365,607

(1) Estimated

(2) Increase due to reassessment.

(3) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a real property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

Unaudited Receipts & Disbursements
Calendar Year 2003

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 2,439,705	$ 608,908	$ 452,049	$ 15,918	$ 443,668	$ 6,823
Bank & Excise	508,879	146,268	108,611	3,828	106,709	1,643
State Grants	13,815,329	76,613	338,096	-	-	100,526
Miscellaneous (1)	7,640,709	3,374,797	885,140	52,977	686,308	124
Total	$ 24,404,622	$ 4,206,586	$ 1,783,896	$ 72,723	$ 1,236,685	$ 109,116
Disbursements	$ 26,964,728	$ 6,068,731	$ 2,439,400	$ 69,206	$ 2,096,012	$ 109,116

(1) Includes temporary loans

Anticipated Receipts & Disbursements
Calendar Year 2004 Budget

	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:						
Property Taxes	$ 7,238,720	$ 4,210,454	$ 1,618,165	$ 149,616	$ 1,771,910	$ 22,067
Bank & Excise	1,227,937	359,000	242,949	8,452	236,000	3,591
State Grants	15,001,346	-	-	-	-	155,071
Miscellaneous (1)	11,369,866	-	404,000	-	-	48,108
Total	$ 34,837,869	$ 4,569,454	$ 2,265,114	$ 158,068	$ 2,007,910	$ 228,837
Disbursements	$ 24,912,859	$ 4,326,951	$ 2,417,816	$ 150,000	$ 1,754,700	$ 228,837

(1) Includes temporary loans

Year End Cash Balances

As of Dec. 31	General Fund	Debt Service Fund	Transportation Fund	Bus Replacement Fund	Capital Projects Fund	Special Ed Pre-School	All Other	TOTAL
2004[1]	$ 9,000,547[2]	$ (1,466,769)	$ (597,635)	$ 75,653	$ 428,868	$ -	$ 58,148	$ (1,501,735)
2003	(924,463)	(1,709,272)	(444,933)	67,585	175,658	-	3,070,432	235,007
2002	1,635,643	152,873	210,571	64,068	1,034,985	-	4,256,848	7,354,988
2001	956,022	219,161	162,389	61,518	863,791	-	6,016,620	8,279,501
2000	887,563	168,542	182,396	-	659,108	-	2,400,168	4,297,777

(1) Estimated.

(2) The School Corporation borrowed $10,533,397 against expected property tax collections to cover the cash flow short falls in 2004.

Current School Corporation Indebtedness

General Obligation Bonds - Now Outstanding	$	-
- Proposed Bonds		14,210,000
Lease Obligations		38,145,544
Veterans and Common School Loans		6,064,480
Total School Corporation Indebtedness	$	58,420,024
Assessed Valuation (2002 Payable 2003)	$	988,087,402
Debt as a % of 2002/2003 Assessed Valuation		5.91%
Population as of Year 2000		23,730
Total School Corporation Indebtedness Per Capita	$	2,462

Ten Largest Taxpayers

Taxpayer	Business or Product	2002 Pay 2003 Assessed Valuation	% of 2002/2003 Total Assessed Valuation
Perfect North Slopes	Ski Slope	$ 5,256,950	0.53%
Ohio Valley Gas Corp	Utility	4,910,640	0.50
Picnic Lawn Apartments	Real Estate	4,751,700	0.48
Southeastern Indiana REMC	Utility	3,635,780	0.37
Cincinnati Bell Telephone	Utility	3,364,090	0.34
Northbend Pattern Works	Industrial Patterns	3,152,630	0.32
Logan Elderly Housing	Retirement Home	1,998,800	0.20
Texas Gas Transmission	Utility	1,546,080	0.16
Burgler-Ziergler Properties	Real Estate	1,478,800	0.15
Hirlinger Motors Inc.	Auto Dealership	1,456,202	0.15

APPENDIX B

DEFINITIONS

The following are definitions of certain of the terms used in this Official Statement and defined in the Indenture:

"Accounts" means the accounts created under the Indenture.

"Act" means the provisions of Indiana Code 5-1.5.

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

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

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

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

"Bond Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees the payment of the principal of, and interest on, the Bonds as provided therein.

"Bond Insurer" means Financial Guaranty Insurance Company, or any successor thereto.

"Bond Issuance Expense Account" means the account by that name created under the Indenture.

"Bonds" means the Bond Bank's Taxable School Severance Funding Bonds Series 8 B and any Refunding Bonds.

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

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

"Code" means the Internal Revenue Code of 1986 in effect on the date of issuance of the Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing

documents, filing and recording fees, initial fees and charges of the Trustee, underwriters' discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, bond or reserve fund insurance premiums, credit enhancements (including Credit Facilities) or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

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

"Credit Facility" means any letter of credit, revolving credit agreement, surety bond, insurance policy or other agreement or instrument.

"Credit Provider" means the issuer of any Credit Facility and its successor in such capacity and their assigns. To qualify under the Indenture, the Credit Provider providing such Credit Facility will be either:

(i) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds; or

(ii) a bank or trust company which at the time of issuance of such Credit Facility has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds.

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

"Event of Default" means any occurrence of an event specified as such in the Indenture.

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

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

"Funds" means the funds created under the Indenture.

"General Account" means the account by that name created under the Indenture.

"General Fund" means the fund by that name created under the Indenture.

"Governmental Obligations" means (a) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of Treasury of the United States of America or (b) senior debt obligations of other government sponsored agencies approved by the Bond Insurer.

"Indenture" means the Trust Indenture, dated as of December 1, 2004 between the Bond Bank and the Trustee, and all supplements and amendments entered into thereunder.

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

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

"Investment Securities" means any of the following: (a) Governmental Obligations; (b) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Farm Credit System Financial Assurance Corporation; Rural Economic Community Development Administration (formerly the Farmers Home Administration); General Services Administration; United States Maritime Administration; Small Business Administration; Government National Mortgage Association ("GNMA"); United States Department of Housing and Urban Development ("PHAs"); Federal Housing Administration; and Federal Financing Bank; (c) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "AAA" by S&P issued by the Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC"); obligations of the Resolution Funding Corporation ("REFCORP"); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other government sponsored agencies approved by the Bond Insurer; (d) United States dollar denominated accounts, federal funds and bankers' acceptances with domestic commercial banks, which have a rating on their short term certificates of deposit on the date of purchase of "AA-" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase; (f) investments in a money market fund rated "AAAm-G," "AAA-m," "AA-m" or better by S&P which fund may be a fund of the Trustee; (g) "Pre-refunded Municipal Obligations" defined as follows: any obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in one of the two highest rating categories of S&P or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Governmental Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the obligations described in this clause (B) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; (h) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "AA-" or higher by S&P; (i) investment agreements

supported by appropriate opinions of counsel; and (j) other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

"Opinion of Bond Counsel" means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to obligations of states and their instrumentalities and political subdivisions and which is acceptable to the Bond Bank and the Trustee.

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

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

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

(ii) Bonds deemed paid under the Indenture; and

(iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

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

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

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

"Purchase Agreement" means a Qualified Entity Purchase Agreement between the Bond Bank and a Qualified Entity, pursuant to which one or more Qualified Obligations are sold to the Bond Bank.

"Qualified Entity" means an entity defined in Indiana Code 5-1.5-1-8, as amended from time to time, which is a school corporation.

"Qualified Obligation" means a Security (as that term is defined in the Act), which has been acquired by the Bond Bank pursuant to the Indenture and is a general obligation of a Qualified Entity.

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

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

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

"Record Date" means, with respect to any Interest Payment Date, the last day of the month next preceding such Interest Payment Date.

"Redemption Account" means the account by that name created under the Indenture.

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

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

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

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, or any successor thereto.

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

"State" means the State of Indiana.

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

"Trustee" means The Bank of New York Trust Company, N.A., Indianapolis, Indiana.

"Trust Estate" means the property, rights, and amounts pledged and assigned to the Trustee pursuant to the granting clause of the Indenture.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

December ___, 2004

City Securities Corporation,
as representative of the purchasers
Indianapolis, IN

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank Taxable School Severance Funding Bonds Series 8 B ("Bonds"); Total Issue: $70,540,000

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Bond Bank ("Issuer") of its Bonds, dated December ___, 2004, in the aggregate principal amount of $70,540,000 pursuant to a Trust Indenture, dated as of December 1, 2004 ("Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., Indianapolis, Indiana, as Trustee, Registrar and Paying Agent. We have examined the law and the certified transcript of proceedings of the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and other certificates of public officials and we have not undertaken to verify any facts by independent investigation.

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

1. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their respective terms and are payable from and secured only by the Trust Estate (as defined in the Indenture).

2. The Indenture is a valid and binding agreement of the Bond Bank, enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Trust Estate, subject to application to the purposes and on the conditions permitted by the Indenture.

3. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to (i) the valid exercise of the constitutional powers

of the Issuer, the State and the United States of America and (ii) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX D

SPECIMEN BOND INSURANCE POLICY

Exhibit A

FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all

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FGIC

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

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principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

SPECIMEN

President

Effective Date: **Authorized Representative**

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

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APPENDIX E

SUMMARY OF CERTAIN LEGAL DOCUMENTS

E-1 Summary of Certain Provisions of the Indenture

E-2 Form of Qualified Entity Purchase Agreement

APPENDIX E-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture. Capitalized terms in this summary not defined in this Official Statement shall have the meanings set forth in the Indenture.

Revenues, Funds And Accounts

A. Creation of Funds and Accounts.

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

1. General Fund-comprised of the following:

   (a) General Account

   (b) Redemption Account

   (c) Bond Issuance Expense Account

B. Deposit of Net Proceeds of Bonds, Revenues and Other Receipts.

The Trustee will deposit the proceeds (net of Underwriters' discount) from the sale of the Bonds, as follows:

(a) Into the Bond Issuance Expense Account an amount sufficient to pay the Costs of Issuance (other than Underwriters' discount and the premium for bond insurance paid by the Underwriters directly to the Bond Insurer); and

(b) Into the General Account, the remainder of the net proceeds, a portion of which will be used in purchasing the Qualified Obligations and the remainder of which will be used to pay all or a portion of the interest on the Bonds through and including July 15, 2006.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of the Bonds to be deposited in the Bond Issuance Expense Account and moneys received upon the sale or optional redemption prior to maturity of Qualified Obligations) into the General Account.

The Trustee will deposit the proceeds of any Refunding Bonds in the manner provided in the Supplemental Indenture authorizing the issuance thereof.

C. General Fund.

1. General Account. The Trustee will make the following payments from the General Account on the specified dates, and, in the event of insufficient funds to make all of such required payments, in the following order of priority:

   (a) On the date of initial delivery of the Bonds, to purchase the Qualified Obligations upon the submission of requisitions of the Bond Bank signed by an Authorized Officer stating that all requirements with respect to such financing set forth in the Indenture have been or will be complied with;

   (b) On or before 10:00 A.M. in the city in which the Trustee is located on the business day next preceding each Interest Payment Date, such amount as will be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date;

   (c) After making such deposits and disbursements, the Trustee will retain such remaining amounts in the General Account to be used from time to time for the purposes set forth in paragraph (b) above. Upon final maturity of the Bonds, any money remaining in the General Account which is not needed to pay any of the costs set forth in paragraph (b) above in connection with the final maturity of the Bonds will be transferred within thirty (30) days after such final maturity to the Bond Bank. However, the Bond Bank must supply the Trustee with a Cash Flow Certificate to the effect that, after such transfer, Revenues expected to be received and money expected to be held in the Funds and Accounts will at least equal debt service on all Outstanding Bonds.

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

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

   (b) On the second business day prior to each Interest Payment Date, if moneys in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, to the General Account such amounts as are not already committed to the redemption of Bonds for which notice of redemption has already been given.

(c) After provision has been made for the required transfers to the General Account, (i) to redeem Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank, if such Bonds are then subject to redemption, or (ii) to purchase Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds are then subject to redemption and not in excess of the applicable redemption price for such Bonds. The Trustee will pay the interest accrued on the Bonds so purchased to the date of delivery from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of forty-five (45) days next preceding an interest payment date or a date on which such Bonds are subject to redemption under the provisions of the Indenture.

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

3. Bond Issuance Expense Account. The Trustee will deposit in the Bond Issuance Expense Account the money required to be deposited by the Indenture, will invest such funds pursuant to the Indenture and will disburse the funds held in the Bond Issuance Expense Account upon receipt of acceptable invoices or requisitions, to pay the Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs. The Trustee will transfer any funds remaining in the Bond Issuance Expense Account to the General Account on February 1, 2005.

D. Amounts Remaining in Funds.

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

E. Investment of Funds.

Any money held as a part of any Fund or Account under the Indenture will be invested and reinvested at all times as continuously as reasonably possible by the Trustee in such Investment Securities as may be directed by the Bond Bank; provided, however, in the absence of such direction, the Trustee will select Investment Securities at its discretion. All such

investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited in the General Account. The Trustee will not be liable for any investment losses. Moneys in any Funds or Accounts will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of the Investment Security) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash sufficient amounts of such Investment Securities in a respective Fund or Account as may be necessary to make up a deficiency in any amounts required to be distributed from such Fund or Account. Investment Securities will be valued at their amortized cost. Repurchase Agreements shall be valued at the market value of the collateral.

Bond Bank Covenants

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

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

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

the Bonds, the Bond Bank will commence appropriate remedies with respect to any Qualified Obligation which is in default.

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

(a) The Bond Bank will not permit or agree to any material change in the Qualified Obligations (other than one for which consent by the Bond Bank is not required) unless the Bond Bank supplies the Trustee and S&P with a Cash Flow Certificate, to the effect that, after such change, Revenues expected to be received in each Fiscal Year and other available money in Funds and Accounts, will at least equal the debt service on all Outstanding Bonds in each such Fiscal Year.

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

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

(d) The Bond Bank will not sell or dispose of any Qualified Obligations unless the Bond Bank provides the Trustee with a Cash Flow Certificate, to the effect that after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale to be transferred from any Fund or Account, will at least equal the debt service due on all Outstanding Bonds in each such Fiscal Year. Proceeds of such sales will be invested only in Government Obligations or in Qualified Obligations or disbursed as provided in the Indenture.

Cash Flow Certificates and Verifications

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

(e) the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the Bonds or with Revenues expected to be available for the purpose of financing the purchase of additional Qualified Obligations;

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

(g) all money expected to be in the Funds and Accounts;

(h) the debt service due on all Bonds expected to be Outstanding during each Fiscal Year; and

(i) the amount, if any, of Program Expenses expected to be paid from the Revenues.

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

Accounts and Reports

The Bond Bank will keep proper books of record and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books and all other books and papers of the Bond Bank and all Funds and Accounts will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

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

Covenant to Monitor Investments

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

Limitation on Additional Bonds

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

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

Discharge of Indenture

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

Any Bond or Series of Bonds or portion thereof will be deemed to be paid when (a) payment of the principal of that Bond or Series of Bonds, plus interest to its due date, either (i) has been made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized by Governmental Obligations) sufficient to make such payment, (B) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will insure the availability of sufficient money to make such payments, or (C) a combination of such money and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee pertaining to the Bonds.

Defaults and Remedies

F. Events of Default.

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

(a) Default in the due and punctual payment of any interest on any Bond;

(b) Default in the due and punctual payment of the principal of any Bond, whether at stated maturity or on any date fixed for redemption;

(c) Failure of the Bond Bank to remit any moneys required by the Indenture to the Trustee within the time limits prescribed in the Indenture;

(d) Default in the performance or observance of any other covenants, agreements or conditions on the part of the Bond Bank contained in the Indenture or in the Bonds and failure to remedy the same within 60 days after receipt of notice, all in accordance with the Indenture;

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

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

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

(h) The Bond Bank is generally not paying its debts as such become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than 60 days;

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

G. Trustee's Rights and Remedies.

No default described under subparagraphs (d) or (e) above will constitute an Event of Default until actual notice of the Default by registered or certified mail has been given to the Bond Bank by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding and the Bond Bank has had 60 days after receipt of the notice to correct such Default within the applicable period. If such Default is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the Default is corrected.

Upon the occurrence of an Event of Default, the Trustee will notify the Bond Insurer and the owners of all Bonds then Outstanding of such Event of Default by registered or certified mail, and upon receiving the express written consent of the Bond Insurer with respect to exercising any such remedies in connection with the Bonds if the Bond Insurance Policy is in full force and effect at such time, will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on Outstanding Bonds, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations;

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

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the owners of Bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer; provided, however, for so long as the Bond Insurance Policy is in full force and effect, any reorganization or liquidation plan with respect to the Bond Bank must be acceptable to the Bond Insurer, and in the event of any reorganization or liquidation, the Bond Insurer will have the right to vote on behalf of the holders of the Bonds; and

(d) The Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act, by notice to the Bond Bank and the Attorney General of the State; provided, however, for so long as the Bond Insurance Policy is in full force and effect, the Trustee may, with the consent of the Bond Insurer, and will, at the direction of the Bond Insurer or 25% of the holders of the Bonds with the consent of the Bond Insurer, by written notice to the Bond Bank, the Attorney General of the State and the Bond Insurer, declare the principal of the Bonds to be

immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

If an Event of Default has occurred, if requested to do so in writing by the holders of 25% or more in aggregate principal amount of Outstanding Bonds and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the holders of the Bonds.

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

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default and for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in the Indenture; and (ii) the right to annul any declaration of acceleration. The Bond Insurer will also be entitled to approve all waivers of Events of Default.

H. Waivers of Events of Default.

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than 66 2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any Outstanding Bond at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of Bonds will be restored to their former respective positions and rights under the Indenture. No waiver will extend to any subsequent or other Event of Default or impair any rights consequent thereon. Notwithstanding the foregoing, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will control all proceedings and the exercise of all rights or remedies with respect to the Bonds.

I. Rights and Remedies of Owners of Bonds.

No owner of any Bond will have any right to institute any proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (i) an Event of Default has occurred, (ii) the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal and ratable benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds. Notwithstanding the foregoing, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will control all proceedings and the exercise of all rights or remedies with respect to the Bonds.

Nonpresentment of Bonds

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

Any money so deposited with and held by the Trustee in trust for the payment of the principal of and interest on the Bonds and remaining unclaimed by any Bondholder for five (5) years after the due date of such principal or interest, will be applied by the Trustee in accordance with the Unclaimed Property Act, Indiana Code 32-34-1, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Bondholders using reasonable care to ascertain the correct addresses of all lost Bondholders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee will have no further responsibility or liability with respect to such

moneys, and the Bondholders entitled to such principal or interest will look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

Other Obligations Payable from Revenues

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

Limitations on Obligations of Bond Bank

The Bonds, together with interest thereon, are limited obligations of the Bond Bank payable solely from the Revenues of the Bond Bank and will be a valid claim of the respective owners thereof only against the Funds and Accounts, established under the Indenture and the Qualified Obligations acquired by the Trustee, all of which are assigned and pledged for the equal and ratable payment of such Bonds and will be used for no other purpose than the payment of the Bonds, except as may be otherwise expressly authorized in the Indenture. The Bonds do not constitute a debt, or liability of the State, or of any political subdivision thereof, but will be payable solely from the Revenues and funds pledged therefor in accordance with the Indenture. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Bonds and the interest payable thereon do not now and will never constitute a debt of the State or any political subdivision thereof within the meaning of the constitution of the State or the statutes of the State and such Bonds do not now and will never constitute a charge against the credit or taxing power of the State or any political subdivision thereof. Neither the State nor any agent, attorney, member or employee of the State or of the Bond Bank, will in any event be liable for the payment of the principal of, and premium, if any, or interest on the Bonds or damages, if any, for the nonperformance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any of the State's or the Bond Bank's agents, members, attorneys and employees or any charge upon the general credit of the State, nor any political subdivision thereof.

Immunity of Officers and Directors

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

Supplemental Indentures

The Bond Bank and the Trustee may, with the prior written consent of the Bond Insurer for so long as the Bond Insurance Policy remains in full force and effect, but, without the consent of, or notice to, any of the Bondholders, enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To cure any ambiguity, formal defect or omission in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interest of the owners of Outstanding Bonds and does not require unanimous consent of the Bondholders pursuant to the Indenture;

(c) To subject to the Indenture additional Revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any indenture supplemental thereto in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;

(e) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent;

(f) In connection with the issuance of Refunding Bonds;

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

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

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any other indenture or indentures supplemental thereto as are deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, but only with the

express written consent of the Bond Insurer for so long as the Bond Insurance Policy remains in full force and effect. However, no Supplemental Indenture may `permit or be construed as permitting, without the consent of the owners of all then Outstanding Bonds and the Bond Insurer for so long as the Bond Insurance Policy remains in full force and effect, (i) an extension of the maturity dates of the principal of or the interest or redemption date on, any Bonds, or (ii) a reduction in the principal amount of any Bond or a change in the redemption premium or the rate of interest on any Bond, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) the creation of any lien securing any Bonds, other than a lien ratably securing all of the Bonds at any time Outstanding, or (vi) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Trustee

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

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

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice by registered or certified mail to the Bond Bank, the owner of each Bond as shown by the list of Bondholders required by the Indenture to be kept at the office of the Trustee, and, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer. Such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee. Notwithstanding any other provision of the Indenture and for so long as the Bond Insurance Policy remains in full force and effect, no resignation or termination of the Trustee will take effect until a successor Trustee, acceptable to the Bond Insurer, is appointed.

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

the Trustee may be removed at any time, at the request of the Bond Insurer, for any breach of the trust set forth in the Indenture. Notwithstanding any other provision of the Indenture and for so long as the Bond Insurance Policy remains in full force and effect, no removal or termination of the Trustee will take effect until a successor Trustee, acceptable to the Bond Insurer, is appointed.

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

APPENDIX E-2

FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT

FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT, dated the _____ day of _____, 2004 ("Purchase Agreement"), between the Indiana Bond Bank, a public body corporate and politic ("Bond Bank"), created pursuant to the provisions of Indiana Code 5-1.5-1 et seq. ("Act"), having its principal place of business in the City of Indianapolis, Indiana, and _____, a municipal corporation organized and existing under the laws of the State of Indiana ("Qualified Entity"),

WITNESSETH:

WHEREAS, the Bond Bank has adopted a resolution authorizing, pursuant to a Trust Indenture dated as of December 1, 2004 between the Bond Bank and The Bank of New York Trust Company, N.A., as trustee ("Indenture"), the issuance of its bonds designated "Indiana Bond Bank Taxable School Severance Funding Bonds Series 8B" ("Bonds"); and

WHEREAS, pursuant to the Act, the Bond Bank is authorized to purchase securities (as defined in the Act, the "Securities") issued by qualified entities (as defined in the Act); and

WHEREAS, the Qualified Entity has adopted a bond resolution ("Resolution") duly authorizing the issuance of its bonds designated "Taxable General Obligation Pension Bonds of 2004" in the original aggregate principal amount of $_____ ("Qualified Obligations"), and the Qualified Obligations are Securities to be purchased by the Bond Bank from proceeds of the Bonds in accordance with this Purchase Agreement;

NOW, THEREFORE, THE BOND BANK AND THE QUALIFIED ENTITY AGREE:

1. The Bond Bank hereby agrees to purchase the Qualified Obligations and the Qualified Entity hereby agrees to sell to the Bond Bank the Qualified Obligations concurrently with the issuance by the Bond Bank of its Bonds at a price of $_____, which includes no accrued interest. The Qualified Obligations shall mature and bear interest and be subject to the terms as set forth on the attached Exhibit A. Except as hereinafter set forth in this Purchase Agreement, the other terms of the Qualified Obligations are set forth in the Resolution, a true and correct copy of which is incorporated herein by reference. The Treasurer of the Qualified Entity shall serve as registrar and paying agent for the Qualified Obligations.

2. The Qualified Entity has taken all proceedings required by law to enable it to issue its Qualified Obligations to be purchased by the Bond Bank.

3. If the Qualified Entity fails to pay the principal of and interest on the Qualified Obligations when due, the Qualified Entity agrees to reimburse the Bond Bank, for the costs of collecting the payments on such Qualified Obligations.

4. Simultaneously with the delivery to the Bond Bank of the Qualified Obligations, which Qualified Obligations shall be substantially in the form set forth in the Resolution and registered in the name of the Bond Bank, the Qualified Entity shall furnish to the Bond Bank a transcript of proceedings and the opinion of _____, bond counsel, as to, among other things, the validity of the Qualified Obligations.

5. The Qualified Entity and the Bond Bank agree that the Qualified Obligations and the payments to be made thereon may be pledged or assigned by the Bond Bank under and pursuant to the Indenture.

6. The Qualified Entity agrees to furnish to the Bond Bank as long as any of the Qualified Obligations remain outstanding annual financial reports, audit reports and such other financial information as is reasonably requested by the Bond Bank.

7. If the Bond Bank determines to sell all or part of the Qualified Obligations, it agrees to pay or reimburse the Qualified Entity for all costs associated therewith including the printing of bonds, obtaining ratings therefor and providing services of a registrar and paying agent therefor.

8. If the Bond Bank and its underwriters do not deliver the Bonds and receive payment therefor on or before December ____, 2004, the Qualified Entity may rescind this Purchase Agreement by giving written notice of such rescission to the Executive Director of the Bond Bank. The Bond Bank is obligated to purchase the Qualified Obligations solely from the proceeds of the Bonds.

9. If the Qualified Entity fails to sell all the Qualified Obligations to the Bond Bank in accordance with paragraph 1 herein for any reason within the Qualified Entity's control, the Qualified Entity shall on demand and to the extent permitted by law, pay to the Bond Bank an amount equal to all costs, expenses (including attorneys' fees) and consequential damages occasioned by the failure of the Qualified Entity to sell its Qualified Obligations in accordance with paragraph 1 herein.

10. On or prior to the delivery date of the Bonds, an authorized officer of the Qualified Entity will deliver a certificate to the effect that the statements made in the Official Statement of the Bond Bank pertaining to the Qualified Entity and the Qualified Obligations, as of the date of the Official Statement, did not contain any untrue statement of a material fact omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in financial condition and affairs of the Qualified Entity during the period from the date of the Official Statement to the date of delivery of the Bonds, which was not disclosed in or contemplated by the Official Statement. The portion of the Official Statement summarizing the Qualified Entity and the Qualified Obligations is deemed final by the Qualified Entity for the purposes of Rule 15c2-12 of the Securities and Exchange Commission, as of this date.

11. This Purchase Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the

same instrument. The Bond Bank and the Qualified Entity agree that they will execute any and all documents or other instruments, and take such other actions as may be necessary to give effect to the terms of this Purchase Agreement.

12. No waiver by either the Bond Bank or the Qualified Entity of any term or condition of this Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Purchase Agreement.

13. If the Qualified Entity or any entity on behalf of the Qualified Entity adopts an ordinance or resolution to refund all or a portion of the Qualified Obligations, the Qualified Entity shall within five days of the adoption of the ordinance or resolution, provide notice to the Bond Bank of the refunding; provided, however, the Qualified Entity agrees not to issue any obligations or allow any obligations to be issued for or on behalf of the Qualified Entity, the proceeds of which will be used in whole or in part to refund all or any portion of the Qualified Obligations unless: (i) the Qualified Entity provides the Bond Bank with the information necessary for the Bond Bank to prepare a Cash Flow Certificate (as defined in the Indenture); and (ii) that Cash Flow Certificate shows that such refunding will not have an adverse effect on the Bond Bank's ability to pay debt service on the Bonds.

14. If the Qualified Entity, because of delays in tax collections resulting from reassessment, is unable to make the payments due on the Qualified Obligations through July 5, 2006, on their originally scheduled due dates, the Qualified Entity shall make each such payment within two business days of the receipt of the property tax distribution from which each delayed payment was scheduled to be made. Notwithstanding the terms of the Qualified Obligations, any such delayed payment shall not constitute an event of default hereunder or under the Qualified Obligations as long as all such delayed payments are made on or before January 5, 2007. Within 30 days of January 15, 2007, the Bond Bank shall obtain a Cash Flow Certificate (as defined in the Indenture) calculating the amount of surplus Revenues (as defined in the Indenture) available as a result of the qualified entities having qualified obligations held under the Indenture paying the payments due in 2005 and 2006 prior to January 5, 2007. The Cash Flow Certificate shall include a calculation of the amount to be rebated to each qualified entity (including the Qualified Entity) based on the amounts and dates on which the Qualified Entity made its Qualified Obligation payments due in 2005 and 2006, and based on the assumption that the Bond Bank used the proceeds of such Qualified Obligation payments to redeem the Bonds within 30 days of the receipt of such proceeds. Immediately upon receipt of the Cash Flow Certificate, the Bond Bank shall rebate the amount owed to the Qualified Entity, which amount shall be reduced, upon consultation with the Qualified Entity, by (i) any administrative expenses, including reasonable attorney's fees and the fees of the financial advisor to the Bond Bank, if any, incurred in connection with any consultation with the Qualified Entity; and (ii) the Qualified Entity's pro rata share of any administrative expenses, including reasonable attorney's fees and the fees of the financial advisor to the Bond Bank, if any, incurred in connection with the preparation of the Cash Flow Certificate and the redemption of the Bonds.

15. If any provision of this Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Purchase Agreement and this Purchase Agreement shall be construed and be in force as if such invalid or unenforceable provision had not been contained herein.

16. This Purchase Agreement merges and supersedes all prior negotiations, representations, and agreements between the Bond Bank and the Qualified Entity relating to the subject matter hereof and constitutes the entire agreement between the Bond Bank and the Qualified Entity in respect hereof.

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first above written.

INDIANA BOND BANK

By: _____
Dan Huge, Executive Director

[QUALIFIED ENTITY]

By: _____
President, School Board

ATTEST:

By: _____
Secretary, School Board

EXHIBIT A

_____
_____, Indiana
Taxable General Obligation Pension Bonds of 2004

Principal Amount:	$_____
Original Date:	_____, 2004
Optional Call Date:	Beginning _____, _____ at par
Interest Payable:	January 5 and July 5, commencing July 5, 2005
Maturity and Interest Rates:	On the dates, in the amounts and at the interest rates as follows:

Year	**Amount**	**Interest Rate**

Mandatory Sinking Fund Redemption