



FRASCA & ASSOCIATES, LLC

TO: Investment Agreement Providers
FROM: Frasca & Associates, LLC (the "Bidding Agent")
RE: Invitation to Bid for a Repurchase Agreement or Alternative, Flexible Investment
DATE: April 12, 2018

Bid Submittal: Any bid should be submitted by the potential provider (the "Bidder") on or before 2:00 PM Eastern time on April 16, 2018, to Harold Bean, Frasca & Associates, LLC, (518) 532-3523. Written bids are required and should be sent via email to hbean@frascallc.com and copying jpittman@frascallc.com (see attached Exhibit C: "Competitive Bid Form"). It is expected that the selected Provider will be given verbal notice of the award within 30 minutes after the bid submission deadline.

Issuer Name: The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") and the Indianapolis Airport Authority (the "Authority").

Note Issue: The Indianapolis Local Public Improvement Bond Bank Subordinate Notes, Series 2018B (Indianapolis Airport Authority Project) (the "Notes"). The Notes were purchased by Bank of America, N.A. pursuant to a Continuing Covenant Agreement (the "CCA") between Bank of America, N.A. and the Authority. The CCA is a drawdown facility with a principal amount not to exceed \$175,000,000 and is secured on the Subordinate Lien pursuant to an Ordinance approved by the Authority. Interest on the Notes is variable, based upon 75% of one month, U.S. dollar LIBOR and paid monthly (on the first business day of each month). The Note transaction closed on March 7, 2018. The Trustee for the Notes is the Bank of New York Mellon Trust Company, N.A. (the "Trustee").

Note Purpose: The purpose of Notes is, but not limited to, pay for capacity enhancements to the Authority's common use airfield storm-water system with the driver of the projects' timing being to accommodate Federal Express's planned \$1.5 billion overhauls and expansion at the Indianapolis International Airport ("IND"). Proceeds from the Notes will also cover capitalized interest and issuance costs related to the Notes.

Bid Objective: The objective of the "Invitation to Bid" is to provide the Authority with a repurchase agreement (the "Agreement") or alternative investment that protects the principal amounts invested, provides cash flow flexibility to fund construction and improvement expenditures, locks in the highest available level of interest earnings relative to one month, U.S. dollar LIBOR and is in compliance with applicable State law and treasury regulations. The Authority

prefers the interest rate on bids to vary based upon 75% of one month, U.S. dollar LIBOR, and to lock in a spread relative to that index, however, other options, that meet the Authority's objectives will be considered. Bidders are requested to submit a bid, net of all expenses and charges.

Basis of Award: Upon receipt of emailed bid forms, it is anticipated that the Agreement will be awarded to the Bidder (the "Provider") submitting the highest expected spread to 75% of one month, U.S. dollar LIBOR, as determined by the Authority. Final award is contingent upon successful negotiation of any and all conditions submitted by the Provider and compliance with State law and treasury regulations. All bids may be rejected at the sole discretion of the Authority.

Fund Type: Project Fund

Deposit Amount: Approximately \$76,179,000.00** will be deposited on the Settlement Date.

Settlement Date: The Agreement is expected to be funded on April 24, 2018.

Termination Date: The earliest of (i) January 1, 2020, or (ii) the date that all remaining monies are withdrawn from the Agreement.

Interest Calculation: Interest on the outstanding principal balance of the Agreement shall accrue, at the rate bid, on a daily basis as of the close of business each day from and including the date of receipt of the initial deposit by the Provider to, but excluding, the earlier of the Termination Date and the date that all remaining monies are withdrawn from the Agreement.

Earnings on the Agreement shall be calculated on an Actual/360 day count basis and re-deposited in arrears monthly commencing on May 1, 2018. Earnings will be paid monthly (on the first business day of each month).

Withdrawals: No more than three times per month in amounts not less than \$25,000. See attached Exhibit A: "Estimated Draw Schedule". The Authority reserves the right to vary any and all amounts currently estimated on the attached Exhibit A with no penalty.

Notification: Two business days prior notice shall be required for the withdrawal of funds.

Provider Requirements: A primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Indiana which is approved by the State Board of Depositories. The senior, unsecured debt ratings of any provider proposing alternative investments must be rated at least "A+" or its equivalent by two nationally recognized rating services.

Collateral (if applicable): a) Collateral is limited to:

- I. Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following: (i) The United States Treasury, (ii) A federal agency, (iii) A federal instrumentality, or (iv) A federal government-sponsored enterprise.
 - II. Securities fully guaranteed and issued by any of the following: (i) A federal agency, (ii) A federal instrumentality, or (iii) A federal government-sponsored enterprise.
- b) The margin value of collateral must be equal to and maintained at a minimum of 102% of the market value of principal and accrued interest
 - c) The Authority shall have a perfected security interest in the collateral.
 - d) The collateral will be delivered to a third-party custodian designated by the Provider, acceptable to the Bond Bank and the Authority, and acting for the benefit of the Bond Bank. The purchased securities will be delivered versus payment to the custodian. All fees and expenses related to collateral custody will be the responsibility of the Provider.
 - e) The collateral must have been or will be acquired at the market price and marked to market daily by the custodian at the required margin as described in (b) above. Valuation deficiencies must be cured within 24 hours.
 - f) Unlimited right of substitution is allowed. Substitute securities must be permitted collateral (section "a" above) acquired at the market price and subject to the same margin levels for collateral criteria.
Substitution fees are to be paid by the Provider.

Downgrade Provisions: Should the Provider fail to be rated 'Baa1 / BBB+' or better by two nationally recognized rating services, the Provider will have the option of either:

- a) increasing the minimum margin value of collateral to a level acceptable to the Bond Bank and the Authority, or
- b) assigning the Agreement to an eligible substitute provider acceptable to the Bond Bank and the Authority, or
- c) obtaining a guaranty of its obligations from a provider acceptable to the Bond Bank and the Authority.

If the Provider does not satisfy the requirements of clause a) or b) above, the Bond Bank and/or the Authority may elect to terminate the Agreement and require the payment of the entire principal and accrued, but unpaid, interest of the Agreement.

In addition, the provisions above shall apply to any subsequent downgrade.

Events of Default:

Events of Default under the Agreement will include, but are not necessarily limited to:

- a) failure of the Provider to pay principal when due,
- b) failure of the Provider to pay interest when due,
- c) failure of the Provider to deliver collateral when due,
- d) failure of the Provider to observe any other covenant or condition of the document, or
- e) the act of filing by the Provider for a petition of bankruptcy.

At the option of the Bond Bank and/or Authority, all principal and unpaid interest will be immediately payable upon the occurrence of an event of default.

If the Provider does not release such funds, the Bond Bank and/or the Authority shall have the right to liquidate any collateral to recover such unpaid principal and interest.

Refunding:

In the event of a refunding on the Notes, the Bond Bank and/or Authority shall have the option of terminating the Agreement at par (with no penalty).

Bid Parameters:

The Bond Bank and the Authority will accept the investment bid that meets its stated Objectives, conforms with the Bond Bank's or the Authority's Investment Policy, State law, and is in compliance with Treasury regulations.

Documentation:

An Agreement must be provided by the Provider in a form compliant with SIFMA (Securities Industry and Financial Markets Association) standards and/or meeting with the approval of the Bond Bank and the Authority. The Provider must agree to provide **and pay for** all documentation and representations which are required by the Bond Bank, the Authority or the Provider, including, but not limited to, an appropriate enforceability opinion rendered by its counsel within five business days of acceptance of any Bid. Domestic branches of foreign primary dealers must provide a foreign bankruptcy opinion. **The cost of drafting the documents and the cost of any and all opinions will be paid by the Provider.**

Investment account statements shall be provided to the Bond Bank and the Authority at least monthly and when requested in a format satisfactory to the Bond Bank and the Authority, to include, but not be limited to, account balance and interest earnings. Additionally, the Provider or custodian shall supply to the

Bond Bank and the Authority, at least weekly and when requested, on a bid price basis, information pertaining to the collateral status which shall include, but not be limited to, securities: type, amount, and market value.

An authorized officer of the Provider shall make certifications in a certificate substantially in form and substance of the Exhibit B: "Certificate of Investment Provider" attached hereto which will be relied upon by the Authority and its counsel.

Comments: If for any reason a transaction is not completed, the Provider will have no recourse against the Bond Bank, the Authority, Frasca & Associates, LLC or any of its advisors, underwriters, or legal counsel for any expenses incurred or damages sustained.

Disclosures: This Invitation to Bid and the submission of a bid by any party does not obligate the Bond Bank or the Authority in any manner whatsoever.

The Bond Bank and/or the Authority reserves the right to amend, modify or withdraw this Invitation to Bid; to waive or revise any requirement of this Invitation to Bid; to acquire any supplemental information from any responding party; to reject any bids submitted hereto in order to obtain a higher yielding bid than those previously submitted; to accept or reject any or all bids; to negotiate or hold discussion with any responding party in the preparation of its bid.

Representations: The submission of a bid is a representation that:

- a) the potential provider did not consult with any other potential provider about its bid;
- b) the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Bond Bank, the Authority or any other person (whether or not in connection with the bond issue);
- c) the bid is not being submitted solely as a courtesy to the Bond Bank, the Authority or any other person for purposes of satisfying the requirements of obtaining at least three bids;
- d) the terms of the bid specifications are commercially reasonable in accordance with Treasury regulations;
- e) the terms of the bid take into account the Authority's reasonably expected deposit and drawdown schedule for the amounts to be invested; and

- f) the bidder did not have the opportunity to review other bids (i.e. last look) before providing a bid.

Exhibit A: “Estimated Project Fund Draw Schedule”

**Indianapolis Local Public Improvement Bond Bank
Subordinate Notes, Series 2018B
(Indianapolis Airport Authority Project)**

The estimated draws are anticipated to occur as follows:

DATE	DRAW
4-24-2018	\$ -
5-1-2018	15,035,000
6-1-2018	7,700,000
7-2-2018	7,200,000
8-1-2018	8,200,000
9-4-2018	7,100,000
10-1-2018	9,900,000
11-1-2018	10,200,000
12-3-2018	9,200,000
1-2-2019	1,644,000
TOTAL	\$ 76,179,000

Exhibit B: "Certificate of Investment Provider"

TO: The Indianapolis Local Public Improvement Bond
Indianapolis Airport Authority
RE: \$XXXXX** Construction Fund Repurchase Agreement

CERTIFICATE OF INVESTMENT PROVIDER

The undersigned, an authorized representative of _____ (the "Provider"), hereby certifies as follows:

1. The Provider is the provider of that certain Repurchase Agreement [or alternative investment agreement] (the "Agreement") by and between the Trustee and the Bond Bank (the "Issuer") and the Provider, dated as of April __, 2018.
2. Neither the Provider, nor any related party, served as agent in conducting the bidding process. Any Bidder submitting a bid acknowledges the submission of a bid is a representation that (a) the Bidder did not consult with any other Bidder about its bid;(b) the bid was determined without regard to any other formal or informal agreement that the Bidder has with the Authority or any other person (whether or not in connection with the bond issue); (c) the bid is not being submitted solely as a courtesy to the Authority or any other person for purposes of satisfying the requirements of obtaining at least three bids; (d) the terms of the bid specifications are commercially reasonable in accordance with applicable treasury regulations; (e) the terms of the bid take into account the Authority's reasonably expected deposit and drawdown schedule for the amounts to be invested; and (f) the Bidder did not have the opportunity to review other bids (i.e. last look) before providing a bid.
3. In connection with this Agreement, the Provider has not paid, and will not pay, any fees, commissions or expenses to third parties, other than the costs hereinafter described. The reasonably expected administrative costs (including costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire investments, such as brokerage or selling commissions, but not legal and accounting fees, investment advisory fees, record-keeping, safekeeping, custody and similar costs and expenses) to be paid to third parties in connection with the Agreement is as follows: _____. Legal costs were also paid but are not included in the above amount.
4. The yield on the Agreement (determined net of the Broker's fee and other costs) was not less than the yield available from the Provider at the time the Provider bid for the Agreement on reasonably comparable investment contracts offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds.
5. The Provider understands that the Bond Bank, the Authority and bond counsel will rely upon this certificate, among other things, in reaching a conclusion that the yield on the Agreement can be computed on the basis of the stated yield and that the Bonds do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Provider has signed this Certificate this _____ day of _____, 2018.

BY: _____

FOR: _____

Exhibit C: "Competitive Bid Form"

**Indianapolis Local Public Improvement Bond Bank
Subordinate Notes, Series 2018B
(Indianapolis Airport Authority Project)**

Project Fund Repurchase Agreement or Alternative, Flexible Investment

Settlement Date: April 24, 2018

Bids are due telephonically on or before 2:00 PM Eastern time on April 16, 2018, to Harold Bean at (518) 369-6893 with email confirmation immediately thereafter to hbean@frascallc.com and copying jpittman@frascallc.com. Award is expected as soon as practicable after facsimile receipt of this bid form. Bidders are requested to submit a bid, net of all expenses and charges.

Net Spread to 75% of 1 Month LIBOR: _____ %; or
Alternative Floating Rate: _____ %; and
Alternative Floating Rate (description): _____

Provider: _____

Ratings:	S&P:	Long Term: _____	Short Term: _____
	Moody's:	Long Term: _____	Short Term: _____
	Fitch:	Long Term: _____	Short Term: _____

Contact: _____

Phone: _____

The bid submitted conforms to the specifications set forth in the attached "Invitation to Bid" dated April 12, 2018. The Bond Bank and/or the Authority reserves the right to reject any and all bids, to waive irregularities and to change the time that bids are due. Bidders agree to hold the Bond Bank, the Authority and its consultants and agents harmless in the submission of a bid. The Bidders are responsible for any and all costs associated with the submission of a bid. By submitting this bid form, the Bidder acknowledges the following: (a) the Bidder did not consult with any other Bidder about its bid; (b) the bid was determined without regard to any other formal or informal agreement that the Bidder has with the Bond Bank, the Authority or any other person (whether or not in connection with the bond issue); (c) the bid is not being submitted solely as a courtesy to the Bond Bank, the Authority or any other person for purposes of satisfying the requirements of obtaining at least three bids; (d) the terms of the bid specifications are commercially reasonable in accordance with applicable treasury regulations; (e) the terms of the bid take into account the Authority's reasonably expected deposit and drawdown schedule for the amounts to be invested; and (f) the Bidder did not have the opportunity to review other bids (i.e. last look) before providing a bid.

Signed: _____

Title: _____

Dated: _____