

58

2002 066740

2002 JUN 25 11:04

EXECUTION COPY

9676488 Ruth Shedd, 12/19/1996 01:30P 1 of 1  
Tippecanoe County Recorder

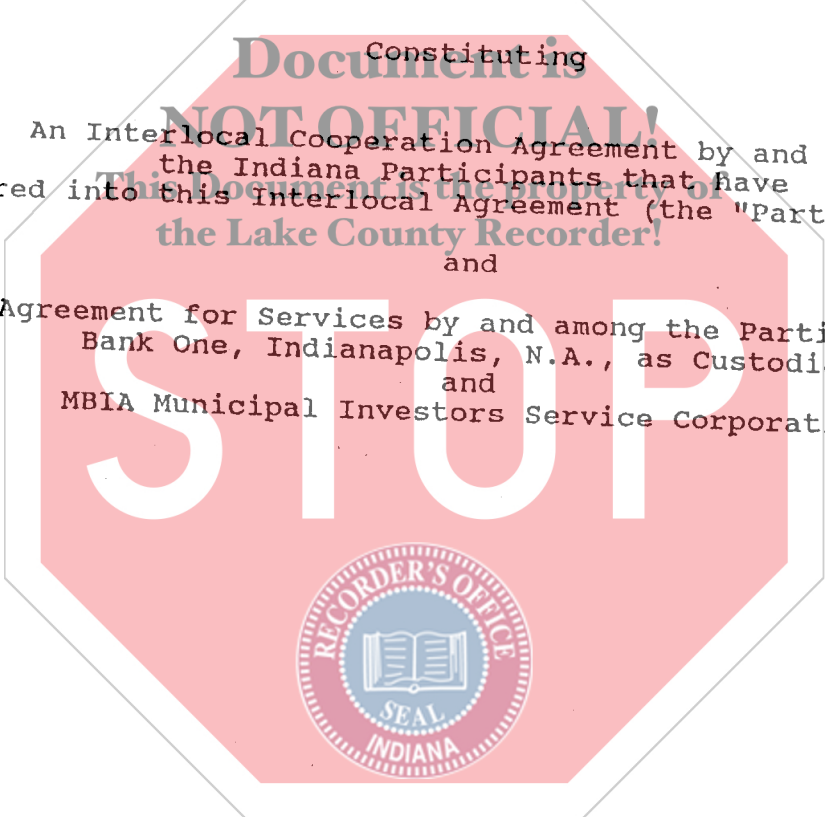
INTERLOCAL AGREEMENT

Dated as of October 1, 1996

Original - 2002-066739

Document is NOT OFFICIAL!  
 This document is the property of the Lake County Recorder!

Constituting  
 An Interlocal Cooperation Agreement by and among  
 the Indiana Participants that have  
 entered into this Interlocal Agreement (the "Participants"),  
 and  
 An Agreement for Services by and among the Participants,  
 Bank One, Indianapolis, N.A., as Custodian  
 and  
 MBIA Municipal Investors Service Corporation



MAIL TO  
 Barnes + Thornburg  
 11 South Meridian St  
 Indianapolis, In. 46204

124-  
~~125~~

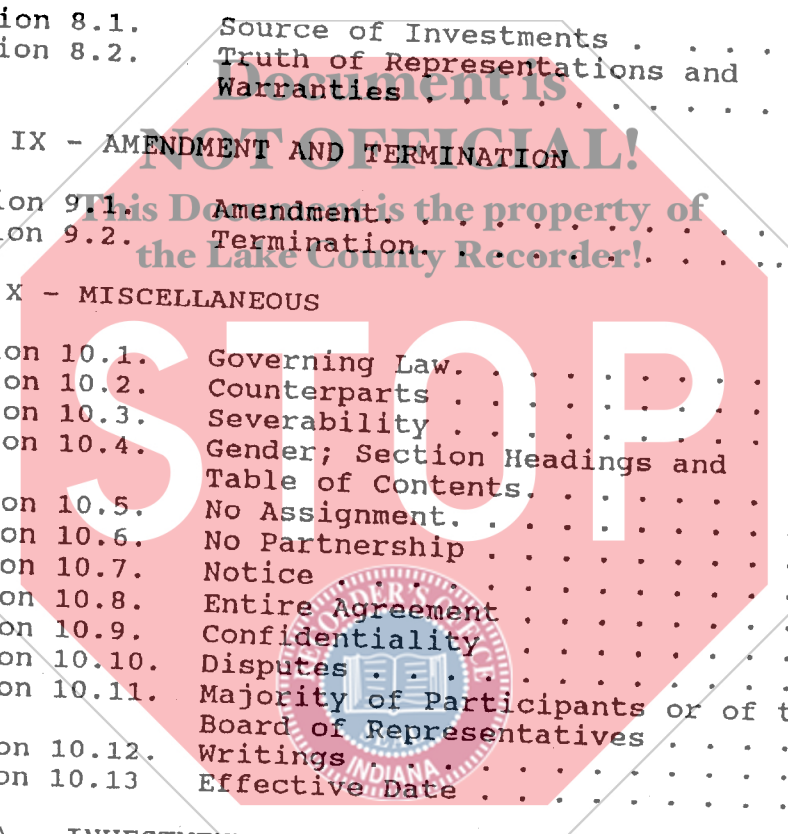
315609

TABLE OF CONTENTS

ARTICLE I - DEFINITIONS . . . . .	I - 1
ARTICLE II - PARTICIPANTS	
Section 2.1.    Investments . . . . .	II - 1
Section 2.2.    Payments . . . . .	II - 1
Section 2.3.    Additional Participants After Initial Execution . . . . .	II - 3
Section 2.4.    Termination of Participation . . . . .	II - 3
Section 2.5.    Receipt of Statements and Reports; Requests . . . . .	II - 4
Section 2.6.    Responsibility for Representative . . . . .	II - 4
ARTICLE III - MEETING OF REPRESENTATIVES	
Section 3.1.    Designation of Representative; Qualification . . . . .	III - 1
Section 3.2.    Board of Representatives . . . . .	III - 1
Section 3.3.    Meetings . . . . .	III - 1
Section 3.4.    Term . . . . .	III - 1
Section 3.5.    Successors . . . . .	III - 2
Section 3.6.    Public Proceedings . . . . .	III - 2
Section 3.7.    Meeting of the Board of Representatives Costs . . . . .	III - 2
Section 3.8.    The Treasurer . . . . .	III - 2
ARTICLE IV - PROGRAM ADMINISTRATOR	
Section 4.1.    Appointment; General Provisions . . . . .	IV - 1
Section 4.2.    Monthly Statements . . . . .	IV - 1
Section 4.3.    Reports . . . . .	IV - 2
Section 4.4.    Investment Activities and Powers . . . . .	IV - 2
Section 4.5.    Daily Calculation of Program Value and Rate of Return . . . . .	IV - 3
Section 4.6.    Administration of Program . . . . .	IV - 4
Section 4.7.    Resignation and Removal . . . . .	IV - 5
Section 4.8.    Liability . . . . .	IV - 5
Section 4.9.    Power to Receive Investment Advice . . . . .	IV - 6
Section 4.10.   Advice to Other Clients . . . . .	IV - 6
Section 4.11.   Special Sub-accounts . . . . .	IV - 7
ARTICLE V - THE CUSTODIAN	
Section 5.1.    Appointment and Acceptance; Sub-Custodians . . . . .	V - 1
Section 5.2.    Resignation and Removal; Successors . . . . .	V - 1
Section 5.3.    Powers . . . . .	V - 2



Section 5.4.	Custodial Relationship; Custodian Records . . . . .	V - 6
Section 5.5.	Reliance on Instructions . . . . .	V - 6
Section 5.6.	Degree of Care . . . . .	V - 7
Section 5.7.	Subrogation . . . . .	V - 8
Section 5.8.	Insurance . . . . .	V - 8
Section 5.9.	Setoff . . . . .	V - 8
ARTICLE VI - PROGRAM COSTS AND EXPENSES		
Section 6.1.	Expenses . . . . .	VI - 1
ARTICLE VII - REPRESENTATIONS AND WARRANTIES		
Section 7.1.	Representations and Warranties of Each Participant . . . . .	VII - 1
Section 7.2.	Representations and Warranties of the Custodian . . . . .	VII - 2
Section 7.3.	Representations and Warranties of the Program Administrator. . . . .	VII - 2
ARTICLE VIII - COVENANTS		
Section 8.1.	Source of Investments . . . . .	VIII - 1
Section 8.2.	Truth of Representations and Warranties . . . . .	VIII - 1
ARTICLE IX - AMENDMENT AND TERMINATION		
Section 9.1.	Amendment. . . . .	IX - 1
Section 9.2.	Termination. . . . .	IX - 1
ARTICLE X - MISCELLANEOUS		
Section 10.1.	Governing Law. . . . .	X - 1
Section 10.2.	Counterparts . . . . .	X - 1
Section 10.3.	Severability . . . . .	X - 1
Section 10.4.	Gender; Section Headings and Table of Contents. . . . .	X - 1
Section 10.5.	No Assignment. . . . .	X - 1
Section 10.6.	No Partnership . . . . .	X - 1
Section 10.7.	Notice . . . . .	X - 1
Section 10.8.	Entire Agreement . . . . .	X - 2
Section 10.9.	Confidentiality . . . . .	X - 2
Section 10.10.	Disputes . . . . .	X - 2
Section 10.11.	Majority of Participants or of the Board of Representatives . . . . .	X - 3
Section 10.12.	Writings . . . . .	X - 3
Section 10.13.	Effective Date . . . . .	X - 4
EXHIBIT A - INVESTMENT PROCEDURES		
EXHIBIT B - PAYMENT PROCEDURES		
EXHIBIT C - VALUATION PROCEDURES		



- EXHIBIT D - PARTICIPATION CERTIFICATE
- EXHIBIT E - INVESTMENT CRITERIA
- EXHIBIT F - PROGRAM ADMINISTRATOR'S FEE
- EXHIBIT G - CUSTODIAN'S FEES



## RECITALS

This Interlocal Agreement dated as of October 1, 1996 (the "Interlocal Agreement") constitutes an interlocal cooperation agreement by and among the Indiana governmental and public entities that have executed this Interlocal Agreement or that have or will execute counterparts of this Interlocal Agreement or Participation Certificates pursuant to Section 2.3 hereof (collectively, the "Participants"), and an agreement for services by and among the Participants, Bank One, Indianapolis, N.A., as Custodian (the "Custodian") and MBIA Municipal Investors Service Corporation (the "Program Administrator").

1. WHEREAS, each Participant is permitted and has the power pursuant to the provisions of the Indiana Code and its own local laws to invest certain of its funds in statutorily permitted investments; and
2. WHEREAS, IC §§36-1-7-1 et seq. authorizes the Participants to exercise a power jointly pursuant to a written agreement authorized by ordinance or resolution of the Participants; and
3. WHEREAS, the purpose of this Interlocal Agreement is, and each Participant will receive a substantial benefit by agreeing, to exercise such investment power jointly and invest such funds in concert with the other Participants pursuant to an interlocal agreement as authorized by IC §§ 36-1-7-1 et seq. in order to take advantage of economies of scale and perform governmental functions more efficiently; and
4. WHEREAS, the Participants desire to enter into an interlocal cooperation agreement and this Interlocal Agreement shall set forth the terms for such joint agreement as set forth in IC §§36-1-7-1 et seq.; and
5. WHEREAS, it is in the best interests of the Participants for each Participant to appoint a Representative to the Board of Representatives, which Board of Representatives acting through its Treasurer shall supervise the administration of the joint exercise of such powers set forth in this Interlocal Agreement; and
6. WHEREAS, the joint exercise of such power to invest will be benefitted and made more efficient if the Participants receive Confirmations (as defined herein) for all securities from one entity, the Custodian, which will hold such securities for the benefit of the Participants; and
7. WHEREAS, the joint exercise of such power to invest will be benefitted and made more efficient if the advisory, record-keeping and other administrative functions are performed by one entity, the Program Administrator.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, each party hereto agrees as follows:



ARTICLE I  
DEFINITIONS

"Account" shall have the meaning set forth in Section 5.3(a) hereof.

"Affiliate" means, with respect to any Person, another Person directly or indirectly in control of, controlled by or under common control with such Person, or any officer, director, partner or employee of such Person.

"Assistant Treasurer" means any one of those Representatives selected by the Board of Representatives pursuant to Section 3.8 hereof who shall be the treasurer or disbursing officer of one of the Participants.

"Balance" for each Participant means an amount initially equal to zero that is adjusted pursuant to Article II hereof to reflect, among other things, cash investments by such Participant, cash payments to such Participant, investment results and expenses and fees incurred pursuant to this Interlocal Agreement.

"Board of Representatives" means the board of the Representatives of the Participants established pursuant to Article III hereof.

"Business Day" means a day on which banks are not required or authorized by law to close in Indiana.

"Confirmation" means a written record evidencing (a) that Investment Funds have been received and (b) the purchase and ownership of Investment Property by the Participants (which may be in the form of a safekeeping receipt or other reporting, as may be required by IC 5-13).

"Conflicting Provisions" shall have the meaning set forth in Section 10.3 hereof.

"Custodian" means Bank One, Indianapolis, N.A. or any Person or Persons appointed, employed or contracted with by the Participants pursuant to Article V hereof.

"Effective Date" means the first date that execution copies of this Interlocal Agreement have been executed by two Participants, the Custodian and the Program Administrator.

"Interlocal Agreement" means this Interlocal Agreement dated as of October 1, 1996 constituting an interlocal cooperation agreement by and among the Participants and an agreement for services by and among MBIA Municipal Investors Service Corpora-

tion, Bank One, Indianapolis, N.A. as Custodian, and the Participants, as amended from time to time.

"Investment Funds" means immediately available funds delivered by each Participant to the Custodian for investment pursuant to this Interlocal Agreement but only if (i) the Representative appointed by such Participant is authorized pursuant to the laws of the State of Indiana to invest such funds and (ii) the Participant has taken all actions necessary pursuant to the laws of the State of Indiana or other applicable local law to authorize the delivery and investment of such funds.

"Investment Procedures" means the procedures for making investments in the Investment Property set forth in Exhibit A attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program Administrator, after consultation with the Treasurer, by providing prior notice of such change to the Participants through the Board of Representatives and to the Custodian.

"Investment Property" means any and all securities, cash and other personal property, tangible or intangible, which is transferred, conveyed or paid to the Account by any Participant pursuant to Section 2.1 hereof or otherwise and all proceeds, income, profits and gains therefrom that have not been distributed to a Participant pursuant to Section 2.2 hereof, used to discharge an Investment Property Liability or offset by losses, if any, and expenses. Notwithstanding anything to the contrary, the Custodian shall not be required to hold, purchase, sell or invest in interests in real property under this Interlocal Agreement, the Participants shall not acquire any such interests pursuant to this Interlocal Agreement or attempt to transfer such interests to the Custodian and no real property shall be held in the Account. Investment Property shall not include securities purchased in anticipation of the delivery of funds by a Participant when such funds are not actually received by the Custodian by the anticipated delivery date, and any such securities may be immediately sold and the proceeds used to pay any Person that did in fact provide monies to purchase such securities.

"Investment Property Liability" means any liability (whether known, unknown, actual, contingent or otherwise) incurred in connection with the Investment Property pursuant to this Interlocal Agreement that is not specified in Section 6.1 hereof as being paid by the Program Administrator or specified in this Interlocal Agreement as being paid directly by a Participant.

"Investment Property Value" means the value of the Investment Property net of the amount of the Investment Property Liabilities as determined pursuant to Section 4.5 hereof and the Valuation Procedures.



"Meeting of the Board of Representatives" means a duly called meeting of the Board of Representatives.

"Participants" means any political subdivision of the State of Indiana (as defined in IC §36-1-2) that has executed this Interlocal Agreement or that has executed counterparts of this Interlocal Agreement or Participation Certificates pursuant to Section 2.3 hereof; provided, however, that if the approval of the Attorney General of the State of Indiana of this Interlocal Agreement is sought and received, the term "Participants" shall also mean the State of Indiana, any agency, authority, board or instrumentality of the State of Indiana or any other governmental entity, if it has executed any of the foregoing.

"Participation Certificate" means a certificate evidencing the entry into this Interlocal Agreement pursuant to Section 2.3 hereof substantially in the form attached hereto as Exhibit D with such modifications as may be applicable to the particular governmental entity.

"Payment Procedures" means the procedures for requesting payments out of the Investment Property set forth in Exhibit B attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program Administrator, after consultation with the Treasurer, by providing prior notice of such change to the Participants through the Board of Representatives and to the Custodian.

"Person" means any municipal corporation, national association, district, corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization, group, government, or any political subdivision, department, board, commission, instrumentality or agency of any governmental entity.

"Program Administrator" means MBIA Municipal Investors Service Corporation or any Person or Persons appointed, employed or contracted with by the Participants pursuant to Article IV hereof.

"Representative" means the person authorized to invest funds of a Participant pursuant to IC §§ 5-13 et seq. who has been designated as Representative by the Participant pursuant to Section 3.1 hereof.

"Treasurer" means the Representative selected by the Board of Representatives pursuant to Section 3.8 hereof who shall be the treasurer or disbursing officer of one of the Participants.

"Valuation Procedures" means the procedures for determining the value of the Investment Property set forth in Exhibit C attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program



Administrator, after consultation with the Treasurer, by providing prior notice of such change to the Custodian and the Participants.



ARTICLE II  
PARTICIPANTS

2.1. Investments.

(a) Each Participant shall have the right from time to time to invest Investment Funds for credit to such Participant's Balance. A Participant that wishes to make such an investment shall notify the Program Administrator and follow the Investment Procedures set forth in Exhibit A. Upon such investment in accordance with Exhibit A, the Participant shall have an undivided interest in the Investment Property.

(b) The Balance of a Participant shall be increased upon the investment of Investment Funds by such Participant by an amount equal to the amount of such Investment Funds.

(c) No later than the end of each Business Day, the Custodian shall deliver a Confirmation with respect to the transaction activity for the Account for the prior Business Day to the Program Administrator. The Program Administrator shall retain the Confirmation in its records. At the end of each month, the Custodian shall deliver to the Program Administrator (i) a summary of the transaction history for the Account for such month and (ii) a statement of the Investment Property as of the last day of such month.

(d) Any funds that the Program Administrator is informed do not meet the conditions set forth in clauses (i) or (ii) of the definition of Investment Funds shall be returned to the Participant investing such funds by the Custodian at the request of the Program Administrator and such Participant shall bear all of the costs and liabilities associated with the return of such funds.

(e) There is no maximum or minimum amount that must be invested pursuant to this Interlocal Agreement nor is there any maximum or minimum limitations on the aggregate amount of Investment Funds that any Participant may have invested at any one time.

2.2. Payments.

(a) Each Participant shall have the right from time to time to request, in accordance with the Payment Procedures set forth in Exhibit B hereto, that the Program Administrator notify the Custodian to pay to the Participant (by the transfer of the proceeds received from the sale or maturity of securities held by the Custodian), or on its behalf, any amount (rounded to the nearest whole cent) that is less than or equal to the Participant's Balance at the time that payment is made pursuant to such request. Except as provided in Exhibit B, there shall be

no limitation on the period of time that Investment Funds must be invested pursuant to this Interlocal Agreement prior to such payment.

(b) Upon the receipt of any payment request, the Program Administrator shall notify the Custodian, in writing or orally to be followed by written confirmation, of the payment request from the Participant, and the requested amount (rounded to the nearest whole cent) shall be paid (by the transfer of the proceeds received from the sale or maturity of securities held by the Custodian) by the Custodian to, or on behalf of, such Participant, as provided in Exhibit B.

(c) Whenever any payment is made to, or on behalf of, any Participant pursuant to Section 2.2(b) hereof, such Participant's Balance shall be reduced by the Program Administrator by the amount of such payment.

(d) Each Participant agrees that, without prior notice, the right to payments may be temporarily suspended or postponed for the whole or any part of any period (i) during which trading in fixed income securities generally in any national trading market shall have been suspended or minimum prices or maximum daily charges shall have been established on such market, (ii) a general banking moratorium shall have been declared by federal or Indiana state authorities or (iii) there shall have occurred any outbreak, or material escalation, of hostilities, or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses which might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures set forth in Exhibit C from time to time. Each Participant through its Representative and the Custodian shall be notified as soon as practicable orally or in writing by the Program Administrator in the event that such a suspension or postponement is commenced. Such a suspension or postponement shall not itself directly alter or affect a Participant's Balance. Such a suspension or postponement shall take effect at such time as is determined by the Program Administrator, and thereafter there shall be no right to request or receive payment until the first to occur of: (a) in the case of (i) or (ii) above, the time at which the Program Administrator declares the suspension or postponement at an end, which declaration shall occur on the first day on which the period specified in clause (i) or (ii) above shall have expired; and (b) in the case of (iii) above, the end of the first day on which the period specified in clause (iii) above is no longer continuing. Any Participant that requested a payment prior to any suspension or postponement of payment may withdraw its request at any time prior to the termination of the suspension or postponement. Notwithstanding anything contained in this Section 2.2(d) to the

contrary, if during a suspension or postponement period, a Participant demands in writing the right to receive a payment and it is not impossible to accommodate such demand, the Program Administrator shall make all reasonable efforts to effectuate such payment demand.

2.3. Additional Participants After Initial Execution.

(i) Any political subdivision of the State of Indiana (as defined in IC §36-1-2) or (ii) if the approval of the Attorney General of the State of Indiana of this Interlocal Agreement is sought and received, the State of Indiana, any agency, authority, board or instrumentality of the State of Indiana or any other governmental entity that wishes to become a party to this Interlocal Agreement after the Effective Date may do so by executing a counterpart to this Interlocal Agreement or a Participation Certificate substantially in the form attached hereto as Exhibit D (with such modifications as may be applicable to the particular governmental entity) and delivering the counterpart or the original executed Participation Certificate to the Program Administrator. The Program Administrator shall provide written notification monthly to the Custodian and to the other Participants of the admission of a new Participant. Any entity that becomes a Participant pursuant to this Section 2.3 shall have the same rights and obligations hereunder as the other Participants.

2.4. Termination of Participation.

(a) Any Participant may withdraw from this Interlocal Agreement at any time upon written notice to the Program Administrator. The Program Administrator shall provide written notification to the Custodian and the Treasurer upon receipt of such notice of withdrawal. Upon its withdrawal from this Interlocal Agreement, a Participant shall cease to have any rights or obligations under this Interlocal Agreement except for any obligations arising on or before the date of withdrawal. A notice of withdrawal shall be deemed to constitute a request under the Payment Procedures that an amount equal to the requesting Participant's entire Balance as of the date of such notice be paid to such Participant. No withdrawal from this Interlocal Agreement shall become effective until such Participant's Balance is equal to zero, and until such time, such Participant shall continue to possess all of the rights, and to be subject to all of the obligations, arising from this Interlocal Agreement.

(b) Any Participant that breaches any material covenant contained in Article VIII hereof or for which any of the representations contained in Article VII hereof ceases to be true shall be deemed to have given a notice of withdrawal pursuant to Section 2.4(a) hereof immediately upon such breach or cessation, but shall not be deemed to have requested the payment of its Balance unless and until it either makes an actual payment

request or the Program Administrator, after consulting with the Treasurer, determines that such a breach or cessation has occurred.

2.5. Receipt of Statements and Reports; Requests.

(a) The Program Administrator shall provide to each Participant a copy of the statements prepared pursuant to Section 4.2 hereof and of the reports prepared pursuant to Section 4.3 hereof applicable to such Participant.

(b) In addition, each Participant may direct the Program Administrator to provide a statement of the value of the Participant's Balance as of the date of the request. The Program Administrator shall provide such statement, subject only to account activity as of such date.

(c) On behalf of each Participant, the Program Administrator shall maintain the records relating to such Participant in a manner that records the Participant's Balance as one or more subaccounts or other special accounts to accommodate the desire of such Participant to segregate a portion of its Investment Funds. The Program Administrator shall maintain a separate record for each Participant and shall record the individual transactions involving each such Participant and the total value by subaccount of all investments belonging to each such Participant.

(d) Except as provided elsewhere in this Interlocal Agreement, no Participant shall be entitled to any reports or statements applicable solely to another Participant.

(e) Notwithstanding Section 10.9 hereof, the Program Administrator shall provide to the Indiana State Board of Accounts or any private auditor of a Participant a copy of any records concerning each Participant's Balance and the transactions contemplated by this Interlocal Agreement that are requested by the Indiana State Board of Accounts or such auditor in order to conduct an audit of the finances of a Participant.

2.6 Responsibility for Representative. Each Participant shall be responsible for the actions or inaction of its Representative under this Interlocal Agreement.



ARTICLE III  
BOARD OF REPRESENTATIVES

3.1. Designation of Representative; Qualification. Each Participant shall designate one Representative to act for the Participant hereunder for all purposes, including, without limitation, to give consents on behalf of the Participant and to receive notices on behalf of the Participant. Such Representative shall be the person that is empowered by the statutes of the State of Indiana and the charter, ordinances or other rules or regulations of the Participant to direct the investment of such Participant's Investment Funds. The Representatives, in their capacity as Representatives, shall not be required to devote their entire time to their duties under this Interlocal Agreement. Each Representative shall be a member of the Board of Representatives. To the extent permitted by law, each Representative may designate additional Persons who may act on behalf of the Representative to transmit the Representative's instructions required under this Interlocal Agreement.

3.2. Board of Representatives. The Board of Representatives shall be made up of all of the Representatives of the Participants. The Board of Representatives shall supervise the administration of the investment program created by this Interlocal Agreement and shall act as the liaison between the Participants and the Custodian and the Program Administrator.

3.3. Meetings. Meetings of the Board of Representatives may be called by the Program Administrator or the Treasurer at any time, and shall be called by the Program Administrator upon the request of at least two Representatives, on at least 48 hours' notice to each Representative and shall be held at the time and place and for the purposes stated in the call of the meeting. A Meeting of the Board of Representatives may consist of one or more separate regional sub-meetings in different locations in order to accommodate the Participants, and the results of any decision or vote taken by the Board of Representatives shall be based upon the collective results of the various decisions or votes taken at the regional sub-meetings. There shall be at least one Meeting of the Board of Representatives annually at which Meeting the Board of Representatives shall review the investment criteria set forth in Exhibit E hereto.

3.4. Term. Each Representative shall hold office until the first to occur of: (a) the Representative's resignation, (b) the Representative being removed by the Representative's Participant, (c) the Representative's death, (d) the Representative being adjudicated incompetent or otherwise losing the capacity to discharge the duties of the office of a Representative and (e) the Representative ceasing to satisfy the criteria set forth in the second sentence of Section 3.1 hereof.

3.5. Successors. If any Representative resigns or is removed or otherwise ceases to serve, the Participant shall designate a successor who satisfies the criteria set forth in the second sentence of Section 3.1 hereof. The designation by a Participant of a new individual as a Representative pursuant to this Section 3.5 shall be deemed to remove any incumbent Representative appointed by such Participant.

3.6. Public Proceedings. Notwithstanding anything contained in this Interlocal Agreement, the Board of Representatives shall comply with any applicable provisions of IC §§5-14 et seq.

3.7. Meeting of the Board of Representatives Costs. The expenses of each Representative attending a Meeting of the Board of Representatives shall be borne by its Participant.

3.8. The Treasurer.

(a) Annually, a majority of the Board of Representatives present at a Meeting of the Board of Representatives (at which a quorum of 30% of the total number of Representatives as of the date notice of such Meeting of the Board of Representatives was sent by the Program Administrator to the Participants is present) shall elect a Treasurer from among its members to serve a one year term or until a successor Treasurer is elected. Such election shall become effective 30 days after notice thereof is sent by the Program Administrator to the Participants except in the case of the initial Treasurer whose election shall be effective immediately. Any Representative who is the treasurer or disbursing officer of a Participant may request to be a candidate for Treasurer or may nominate another eligible Representative to be a candidate. There is no limit on the number of terms that any Representative can serve as Treasurer. If no candidate receives a majority vote after the first ballot, a runoff election will occur between the two candidates receiving the highest number of votes in the first round. If a vacancy occurs in the position of Treasurer, the Program Administrator, upon notice of the vacancy, shall solicit the Representatives for nominations or expressions of interest in serving as Treasurer, and shall conduct an election to fill the vacancy as soon as possible thereafter.

(b) At the same Meeting of the Board of Representatives at which the election of the Treasurer is conducted, a majority of the Board of Representatives shall also select one or more Assistant Treasurers from among its members to serve a one year term or until a successor Assistant Treasurer is elected. The procedural and eligibility requirements for the election of the Treasurer set forth in Section 3.8(a) hereof shall also apply to the election of Assistant Treasurers. In the absence or unavailability of the Treasurer for any reason (including a



vacancy in the position of Treasurer), the Assistant Treasurer designated by the Treasurer (or in the absence of such designation, the most senior available Assistant Treasurer determined by the order in which the Assistant Treasurers were elected by the Representatives) shall be deemed the Treasurer for this interim period and shall have all of the powers and rights of the Treasurer specified in this Interlocal Agreement and shall perform all of the duties of the Treasurer hereunder.

(c) The Participants have delegated to the Treasurer the duty to, and the Treasurer shall, receive, disburse and account for all monies of the joint undertaking created by this Interlocal Agreement.

(d) The Treasurer may sell any securities acquired under this Interlocal Agreement and may do anything necessary to protect the interests of the funds invested, including the exercise of exchange privileges which may be granted with respect to maturing securities in cases where the new securities offered in exchange meet the requirements for initial investment;

(e) The Treasurer shall be the legal custodian of all securities acquired under this Interlocal Agreement for purposes of and pursuant to the provisions of IC 5-13;

(f) The Treasurer shall make, or cause the Program Administrator to make, all investments on behalf of the Participants, and shall be the day to day contact with the Program Administrator and the Custodian for the purposes of carrying out the provisions of this Interlocal Agreement.

(g) The Treasurer shall monitor the activities of the Program Administrator and the Custodian for the Board of Representatives to ensure compliance with this Interlocal Agreement. Notwithstanding anything in this Interlocal Agreement to the contrary, the Treasurer shall receive monthly from the Program Administrator a report of all individual contributions by and payments to or on behalf of each Participant and a summary of all investment activity for the previous month. The Treasurer shall maintain a record of such reports for three (3) years and comply with IC §§5-15-1 et seq.

(h) The reasonable out-of-pocket expenses of the Treasurer and the Assistant Treasurer incurred in the performance of their duties hereunder shall be Investment Property Liabilities.

(i) The Treasurer shall have all power of an investing officer under the provisions of IC 5-13, including without limitation the power to enter into repurchase agreements or other agreements for the investment of Investment Funds, and, except as may be expressly limited by this Interlocal Agreement, the

Treasurer may exercise all such powers on behalf of the Board of Representatives in order to effectuate the terms of this Interlocal Agreement.



ARTICLE IV  
PROGRAM ADMINISTRATOR

4.1. Appointment; General Provisions.

(a) Each Participant, by its execution hereof or execution of a counterpart hereof or a Participation Certificate, appoints MBIA Municipal Investors Service Corporation as the Program Administrator under this Interlocal Agreement, subject to the overall supervision of the Board of Representatives acting through its Treasurer, for the period and on the terms set forth in this Interlocal Agreement.

(b) MBIA Municipal Investors Service Corporation accepts such appointment and agrees to render the services and to assume the obligations set forth herein, for the compensation herein provided.

(c) The Participants and the Board of Representatives delegate no investment discretion to the Program Administrator hereunder and the Program Administrator expressly refuses to accept any delegation of such discretion. The decision of how to invest or not to invest shall remain at all times under the supervision of the Board of Representatives acting through its Treasurer.

(d) Each Participant directs the Custodian to act, and the Custodian agrees to act, in accordance with the instructions of the Treasurer as transmitted by the Program Administrator or of the Program Administrator both of whom shall act in a manner consistent with this Interlocal Agreement. The Program Administrator shall at no time have custody of, or physical control over, any of the Investment Property. If a Participant in error delivers Investment Funds for investment to the Program Administrator instead of to the Custodian, the Program Administrator shall immediately transfer such Investment Funds to the Custodian. The Program Administrator shall not be liable for any act or omission of the Custodian, but shall be liable for the Program Administrator's acts and omissions as provided herein.

(e) The Program Administrator understands that the monies delivered to the Custodian may only be invested pursuant to the investment parameters contained in Exhibit E hereof.

4.2. Monthly Statements.

(a) Within 15 days subsequent to the end of each month, the Program Administrator shall prepare and submit to each Participant which was a Participant during such month a statement disclosing any activity and a closing Balance in each of its accounts for such month.



(b) The Program Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's Balance as of the date of such request, subject only to account activity on such date.

4.3 Reports. The Program Administrator shall prepare or cause to be prepared at least annually (i) a report of operations containing a statement of the Investment Property and the Investment Property Liabilities and statements of operations and of net changes in net assets prepared in conformity with generally accepted accounting principles consistently applied and (ii) an opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Board of Representatives, maintained by the Program Administrator with respect to the Investment Property, performed in accordance with generally accepted auditing standards. A copy of such signed report of operations and the accountant's opinion shall be filed with the Treasurer and the Participants within ninety (90) days after the close of the period covered thereby.

4.4. Investment Activities and Powers. Subject to the supervision of the Board of Representatives, acting through its Treasurer, the Program Administrator shall perform the following services:

(a) advise the Board of Representatives generally concerning investments, and on each Business Day advise the Treasurer regarding the particular investments (type, maturity and amount) which it appears to the Program Administrator would be advantageous to the Participants, all which comply with the investment criteria set forth in Exhibit E and all applicable law;

(b) after consultation with the Treasurer on each Business Day, assist the Treasurer in making, or cause to be made on behalf of the Treasurer, such securities transactions (to the extent permitted by the investment criteria established by the Board of Representatives as set forth in Exhibit E and all applicable law) which are directed by the Treasurer pursuant to the provisions of Section 3.8(d) hereof, or, despite the intention of the parties hereto to always have the Investment Property fully invested, cause the Custodian to hold the Investment Property uninvested in a custodial account maintained for the benefit of the Participants if such investment is not possible;

(c) from time to time, review the permitted investments and the investment criteria set forth in Exhibit E and, if circumstances and applicable law permit, recommend changes in such permitted investments and such investment criteria, provided the permitted investments and investment

criteria shall not be changed without approval of the Treasurer, on behalf of the Board of Representatives;

(d) provide such advice and information to the Participants and the Board of Representatives on matters related to investments as the Participants or the Board of Representatives may reasonably request, including, without limitation, research and statistical data concerning the Investment Property and other matters within the scope of the investment criteria set forth in Exhibit E;

(e) advise whether and in what manner all rights conferred by the Investment Property may be exercised;

(f) prepare such information and material as may be required in the implementation of the Valuation Procedures or the computation of the Balances and the preparation of any and all records and reports required by this Interlocal Agreement or applicable laws;

(g) issue instructions to the Custodian as provided in this Interlocal Agreement; and

(h) employ, consult with, obtain advice from, and exercise any of the Program Administrator's rights or powers under this Interlocal Agreement through the use of suitable agents, including auditors, legal counsel (who may be counsel to the Program Administrator or the Custodian), investment advisers, brokers, dealers or other advisers. Notwithstanding Section 10.9 hereof, the Program Administrator may transmit information concerning the Investment Property and the Participants to such agents.

4.5. Daily Calculation of Program Value and Rate of Return.

(a) The Program Administrator shall calculate the Investment Property Value once on each Business Day at the time and in the manner provided in the Valuation Procedures.

(b) Upon performing the valuation specified in Section 4.5(a) hereof, the Program Administrator shall calculate (rounding off to the nearest whole cent) the Balance of each Participant and each Balance of each of the Participants shall be adjusted proportionately so that the total Balances of all the Participants equals the Investment Property Value.

(c) For purposes of calculating the Investment Property Value, the amount of any uncertain or contingent Investment Property Liability shall be deemed to be equal to the amount of the reserve, if any, against such Investment Property Liability that has been determined from time to time by the Program Administrator.

(d) For purposes of calculating the Investment Property Value, if the value of any part of the Investment Property is uncertain or contingent, the value of such part of the Investment Property shall be deemed to be equal to the amount determined from time to time by the Program Administrator.

(e) If an investment is made in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality or a federal government sponsored enterprise, any premium paid for such securities shall be deducted from the first interest received on such securities, and only the net amount shall be considered interest income, all to the extent required by IC 5-13.

(f) The Program Administrator shall calculate daily the rate of return earned on the Investment Property.

4.6. Administration of Program. The Program Administrator shall perform the following administrative functions on behalf of the Board of Representatives in connection with the implementation of this Interlocal Agreement:

(a) collect and maintain for such period as may be required under any applicable federal or Indiana law written records of all transactions affecting the Investment Property or the Balances, including, but not limited to (i) investments by and payments to or on behalf of each Participant; (ii) acquisitions and dispositions of Investment Property; (iii) pledges and releases of collateral securing the Investment Property; (iv) determinations of the Investment Property Value; (v) adjustments to the Participants' Balances; and (vi) the current Balance and the Balances at the end of each month for each Participant. There shall be a rebuttable presumption that any such records are complete and accurate. The Program Administrator shall maintain the records relating to each Participant in a manner that subdivides the Participant's Balance into sub-accounts or other special accounts to accommodate such Participant's desire to segregate any portion or portions of its Investment Funds;

(b) assist in the organization of Meetings of the Board of Representatives, including preparation and distribution of the notices and agendas therefor and the solicitation of votes under Section 3.3 hereof;

(c) respond to all inquiries and other communications of Participants, if any, which are directed to the Program Administrator, or, if any such inquiry or communication is more properly addressed by an officer of the Custodian, referring such

inquiry or communication to such officer and coordinating such officer's response thereto; and

(d) pay all Investment Property Liabilities in accordance with this Interlocal Agreement from any income, profits and gains from the Investment Property (but not from the principal amount thereof);

(e) engage in marketing activities to encourage eligible Indiana public sector entities to become Participants.

#### 4.7. Resignation and Removal.

(a) The Program Administrator may resign as Program Administrator upon the giving of at least sixty (60) days' prior written notice of such resignation to each of the Participants and the Custodian.

(b) A majority of the Board of Representatives may remove the Program Administrator upon the giving of at least sixty (60) days' prior written notice to the Program Administrator, the Custodian and the Participants.

(c) In the event that the Program Administrator shall give notice of its resignation or if the Board of Representatives shall give notice of the removal of the Program Administrator, a majority of the Board of Representatives shall appoint a successor. Any Participant whose Representative on the Board of Representatives does not consent to the appointment of a successor Program Administrator must have such Representative consent in writing prior to the effectiveness of the resignation or removal of the prior Program Administrator or such Participant shall be deemed to have voluntarily withdrawn from this Interlocal Agreement pursuant to Section 2.4(a) hereof. In giving its consent through its Representative on the Board of Representatives to the appointment of a successor Program Administrator, each Participant shall be deemed to be giving a representation to the Custodian and each of the other Participants that such Participant has taken all actions required by the State of Indiana to appoint such successor Program Administrator.

#### 4.8. Liability.

(a) Each Participant agrees that the Program Administrator and its officers, directors, agents and employees shall not be liable for any action performed or omitted to be performed or for any errors of judgment made in good faith in connection with any matters to which this Interlocal Agreement relates, provided that such disclaimer shall not relieve any of them for liability arising from negligence, malfeasance, material breach of this Interlocal Agreement by the Program Administrator

or violation of applicable law by any of them. Nothing herein shall constitute a waiver or limitation of any rights which the Participant may have under any federal or state securities laws.

(b) Each Participant and the Custodian understands that in performing its services hereunder the Program Administrator will rely on information provided by others and agrees that the Program Administrator is not responsible for the accuracy of such information.

4.9. Power to Receive Investment Advice. The Program Administrator has retained MBIA Securities Corp., at the cost of the Program Administrator, to provide investment advice concerning the Investment Property. The Program Administrator shall have the right, at its own cost, to receive investment advice concerning the Investment Property from any other third party. Notwithstanding the provisions of Section 10.9 hereof, the Program Administrator is expressly authorized to transmit information concerning the Investment Property and the Participants to MBIA Securities Corp. and to such other third parties in order to obtain such investment advice. The Program Administrator shall notify the Participants if any third parties are retained in addition to MBIA Securities Corp. pursuant to this Section 4.9 within 45 days of such retention.

4.10. Advice to Other Clients. It is understood that the Program Administrator performs investment advisory services for various clients. The Participants agree that the Program Administrator may give advice and take action with respect to any of its other clients (which may include, among others, Participants in their individual capacities, former Participants or other Indiana governmental entities which are not Participants) which may differ from the advice given to, or the timing or nature of action taken with respect to, the Investment Property; provided that the policy and practice of the Program Administrator is not to favor or disfavor consistently or consciously any client or class of clients in the allocation of investment opportunities and that, to the extent practical, such opportunities are allocated among clients over a period of time on a fair and equitable basis. Nothing contained herein shall be construed so as to prevent the Program Administrator or any of its directors, officers, employees, shareholders or affiliates in any way from purchasing or selling any securities for its or their own accounts prior to, simultaneously with or subsequent to any recommendation or actions taken with respect to the Investment Property or impose upon the Program Administrator any obligation to purchase or sell or to recommend for purchase or sale for the Investment Property any security which the Program Administrator or any of its shareholders, directors, officers, employees or affiliates may purchase or sell for its or their own accounts or for the account of any other client, advisory or otherwise; provided always, however, that the Program





Administrator shall use its best efforts to maximize the gains for the Investment Property in a manner consistent with the investment criteria set forth in Exhibit E hereof.

4.11. Special Sub-accounts. Notwithstanding anything in this Interlocal Agreement to the contrary, the Program Administrator, in consultation with the Treasurer, from time to time may propose to the Participants that the Participants establish specially designated sub-accounts with investment criteria, investment and payment procedures, fees or other characteristics different from those set forth in this Interlocal Agreement, but all in compliance with all applicable law. Such characteristics may include, without limitation, certain restrictions on amounts to be invested, holding periods prior to payments or certain other conditions to be met for payments, such as possible payment penalties or additional fees for administering such specially designated sub-accounts. A Participant in its sole discretion may create such a special sub-account using the same procedures for establishing other sub-accounts set forth in this Interlocal Agreement. The establishment of such special sub-accounts shall not be deemed an amendment of this Interlocal Agreement. Any special sub-account that is created pursuant to this Section 4.11 shall be subject to the terms set forth in the proposal of the Program Administrator until the terms governing such special sub-account are amended pursuant to Section 9.1 of this Interlocal Agreement, provided, however, that for such an amendment to become effective it shall require only the affirmative vote of a majority of those Participants (acting through their Representatives) with such special sub-accounts and not the affirmative vote of a majority of all Participants (acting through their Representatives). The Program Administrator may calculate the return realized by such special sub-accounts separate and apart from the returns realized by other sub-accounts maintained for each Participant.



ARTICLE V  
THE CUSTODIAN

5.1. Appointment and Acceptance; Sub-Custodians.

(a) Bank One, Indianapolis, N.A. as Custodian, is appointed by each of the Participants to be the Custodian for the collective interests of the Participants under this Interlocal Agreement for the period and on the terms set forth herein. Bank One, Indianapolis, N.A. as Custodian accepts such appointment and agrees to render the services and to assume the obligations set forth herein, for the compensation herein provided.

(b) The Custodian may employ other banks and trust companies as sub-custodians, including, without limitation, affiliates of the Custodian such as Bank One Trust Company, N.A., provided any such sub-custodian must be either (i) a financial institution located either in or out of Indiana with a combined capital and surplus of at least Ten Million Dollars (\$10,000,000) according to the last statement of condition filed by such financial institution with its governmental supervisory body and having custody of securities or (ii) a duly designated depository as prescribed in IC 5-13. If at any time the use of a sub-custodian is no longer permitted under the laws of the State of Indiana or would render the performance of any provision of this Interlocal Agreement by any of the parties hereto invalid, illegal, or not permitted under the laws of the State of Indiana, then the Custodian shall no longer employ any such sub-custodian, or at the option of the Custodian, the Custodian shall resign as Custodian pursuant to Section 5.2 hereof. The appointment of a sub-custodian under this Section shall not relieve the Custodian of any of its obligations under this Interlocal Agreement.

(c) No Investment Funds or Investment Property received or held by the Custodian pursuant to this Interlocal Agreement shall be accounted for in any manner which might cause such Investment Funds or Investment Property to become assets or liabilities of the Custodian.

5.2. Resignation and Removal; Successors.

(a) The Custodian may resign upon the giving of at least sixty (60) days prior written notice to each Representative and the Program Administrator. The Treasurer, upon the consent of the Program Administrator (which consent will not be unreasonably withheld) may remove the Custodian upon at least sixty (60) days prior written notice to the Custodian and the Participants. Notwithstanding the foregoing, the resignation or removal of the Custodian shall not be deemed effective unless a successor shall have been chosen pursuant to Section 5.2(b)



hereof. In the event that assets remain in the possession of the Custodian due to the failure of the Treasurer to appoint a successor custodian, the Custodian shall be entitled to compensation for its services during such period, and the provisions of this Interlocal Agreement relating to the duties and obligations of the Custodian shall remain in full force and effect. Alternatively, the Custodian shall have the right to commence an action in the nature of an interpleader and seek to deposit the assets in a court of competent jurisdiction.

(b) In the event that the Custodian shall give notice of its resignation or if the Program Administrator, on behalf of the Treasurer, shall give notice of the removal of the Custodian, the Treasurer, with the consent of the Program Administrator (which consent will not be unreasonably withheld), shall appoint a successor and give notice to the Participants of such appointment at least 30 days prior to the effective date of the appointment. By remaining a Participant after the effective date of the appointment of a successor Custodian, each Participant shall be deemed to be giving a representation to the Program Administrator and each of the other Participants that such Participant has taken all actions required by the laws of the State of Indiana to appoint such successor Custodian.

5.3. Powers.

(a) (i) The Custodian is authorized and directed to open and maintain, and the Custodian shall open and maintain, one custody account (the "Account") in the name of "[Name of Custodian] as Custodian under an Interlocal Agreement dated as of October 1, 1996" and will accept for safekeeping and for credit to the Account, in accordance with the terms hereof, all securities representing the investment of Investment Funds pursuant to Section 2.1 hereof, and the income or earnings derived therefrom. The Custodian may accept funds hereunder for the purchase of securities to be held by the Custodian and shall not be required to make an independent determination whether such funds are Investment Funds.

(ii) Except as provided in Section 5.3(c)(iii), all securities and other non-cash Investment Property held in the Account shall be physically segregated from other securities in the possession of the Custodian and shall be identified as subject to this Interlocal Agreement.

(b) Only upon and in accordance with instructions of the Participants, as transmitted by the Program Administrator, shall the Custodian, for the account and benefit and burden of the Participants:



(i) receive and deliver Investment Funds and all other Investment Property pursuant to the terms hereof;

(ii) exchange securities in temporary or bearer form for securities in definitive or registered form; and surrender securities at maturity or earlier when advised of a call for redemption;

(iii) make, execute, acknowledge and deliver as Custodian, any and all documents or instruments (including but not limited to all declarations, affidavits and certificates of ownership) that may be necessary or appropriate to carry out the powers granted herein;

(iv) make any payments incidental to or in connection with this Section 5.3(b);

(v) sell, exchange or otherwise dispose of any and all Investment Property free and clear of any and all interests of any and all Participants, at public or private sale, with or without advertisement; and execute and deliver any deed, power, assignment, bill of sale, or other instrument in connection therewith;

(vi) with respect to enforcing rights in connection with the Investment Property: (a) collect, sue for, receive and receipt for all sums of money or other personal property due; (b) consent to extensions of the time for payment, or to the renewal of any securities, investments or obligations; (c) engage or intervene in, prosecute, defend, compromise, abandon or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands or things relating to the Investment Property; (d) foreclose on any personal property, security or instrument securing any investments, notes, bills, bonds, obligations or contracts that are part of or relate to the Investment Property; (e) exercise any power of sale, and convey good title thereunder free of any and all interests of any and all Participants, and in connection with any such foreclosure or sale, purchase or otherwise acquire title to any personal property; (f) be a party to the reorganization of any Person and transfer to and deposit with any corporation, committee, voting trustee or other Person any securities, investments or obligations of any Person which form a part of the Investment Property, for the purpose of such reorganization or otherwise; (g) participate in any arrangement for enforcing or protecting the interests of the holders of such securities, investments or obligations and to pay any assessment levied in connection with such reorganization or arrangement; (h) extend the time (with or without security) for the payment or delivery of any debts or personal property and to execute and enter into releases,

agreements and other instruments; (i) pay or satisfy any debt or claims; and (j) file any financing statements concerning the Investment Property with the appropriate authorities to protect the Investment Property from any potential claim of any creditors of any of the Participants; and

(vii) exercise all other rights and powers and to take any action in carrying out the purposes of this Interlocal Agreement.

(c) (i) With respect to Investment Property held by the Custodian hereunder, the Custodian shall collect all income or other payments, release and deliver such Investment Property, and take any other action as directed by the Program Administrator, with respect to dividends, splits, distributions, spinoffs, puts, calls, conversions, redemptions, tenders, exchanges, mergers, reorganizations, rights, warrants or any other similar activity, if applicable, relating to the Investment Property held in the Account. The Custodian shall request direction of the Program Administrator upon receipt of actual notice of any such activity. For purposes of this paragraph, the Custodian shall be deemed to have actual notice if the Program Administrator informs the Custodian of such activity or if information concerning any such activity is published in one or more of the following publications: J.J. Kenny's Munibase System, Financial Card Service, Xcitek, Inc., Standard & Poors' Called Bond Listing, Depository Trust Reorganization Notices and The Wall Street Journal. If the Custodian does not have actual notice of such activity, any such activity will be handled by the Custodian on a "best efforts" basis.

The Custodian shall not be under any obligation or duty to take action to effect collection of any amount, if the assets on which such amount is payable are in default and payment is refused after due demand or presentation. The Custodian will, however, promptly notify the Program Administrator in writing of such default and refusal to pay.

The Custodian is not authorized and shall not disclose the name, address or security positions of the Participants in response to requests concerning shareholder communications under Section 14 of the Securities Exchange Act of 1934, the rules and regulations thereunder, and any similar statute, regulation, or rule in effect from time to time;

(ii) The Custodian shall promptly deliver or mail to the Program Administrator all forms of proxies and all notices of meetings received by the Custodian relating to Investment Property held under this Interlocal Agreement

and, upon receipt of instructions from the Program Administrator, shall execute and deliver such proxies or other authorizations as may be required. Neither the Custodian nor its nominee shall vote any Investment Property or, if applicable, execute any proxy to vote the same or give any consent to take any other action with respect thereto (except as otherwise herein provided) unless directed to do so by Program Administrator upon receipt of instructions;

(iii) the Custodian shall hold the Investment Property (a) in its vaults physically segregated and held separate and apart from other property of the Custodian; (b) in its account at The Depository Trust Company or other depository, sub-custodian or clearing corporation; or (c) in a book entry account with the Federal Reserve Bank, in which case a separate accounting of the Investment Property shall be maintained by the Custodian at all times. The Investment Property held by any such depository, sub-custodian, clearing corporation or Federal Reserve Bank may be held in the name of their respective nominees, provided, however, that the custodial relationship and the interests of the Participants regarding such Investment Property shall be noted on the records kept by the Program Administrator and the custodial relationship on behalf of the Participants shall be noted on the records of the Custodian and, to the extent possible, the Custodian shall cause the custodial relationship on behalf of the Participants to be noted on the records of such depository, sub-custodian, clearing corporation or Federal Reserve Bank. The Custodian shall not be obligated or liable for costs, expenses, damages, liabilities or claims (including attorneys' or accountants' fees) which are sustained or incurred by reason of any action or inaction of the Federal Reserve Bank book-entry system, The Depository Trust Company or any other central depository or clearing agency which it is or may become standard market practice to use for the comparison and settlement of securities trades, provided, however, that nothing in this sentence shall relieve the Custodian of its obligations set forth in Section 5.1(b) hereof regarding banks or trust companies selected as sub-custodians; and

(iv) the Custodian shall hold and physically segregate for the Account all Investment Property owned by the Account other than Investment Property held pursuant to 5.3(c)(iii)(b) and (c) above. Investment Property physically held by the Custodian (other than bearer securities) may be registered in the name of any nominee of the Custodian, provided that the records of the Custodian provide that such Investment Property is held in a custodial capacity and that such Investment Property is not an asset of the Custodian or such nominee. All Investment Property

accepted by the Custodian under the terms of this Agreement shall be in negotiable form.

5.4. Custodial Relationship; Custodian Records.

(a) The Custodian shall hold the Investment Property in its capacity as custodian for the collective benefit of each of the Participants. The Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, owned by or an asset of the Custodian. Each Participant has an undivided beneficial interest in the Investment Property to the extent of such Participant's Balance.

(b) The Custodian shall maintain its own internal records concerning the Account and the transactions contemplated by this Interlocal Agreement, and the Custodian shall cause all of such records to reflect the custodial relationship created by this Interlocal Agreement and the fact that the Investment Property belongs to the Participants. Notwithstanding the foregoing, the Program Administrator shall maintain all records regarding each Participant's beneficial interest in such Investment Property, and such records shall conclusively determine the beneficial interests of each Participant in the Investment Property. The records maintained by such Program Administrator shall be conclusively determinative of the beneficial interests of the Participants; it being understood that the Custodian shall not be obligated to maintain records concerning the beneficial interest of individual Participants in the Investment Property.

5.5. Reliance on Instructions.

(a) The Custodian is authorized to accept and shall be fully protected if it relies upon the instructions given by any authorized officer, employee or agent of the Program Administrator including any oral instructions which the individual receiving such instructions on behalf of the Custodian believes in good faith to have been given by an authorized officer, employee or agent of the Program Administrator, and all authorizations shall remain in full force and effect until cancelled or superseded by subsequent instructions received by the appropriate account officer of the Custodian. The authorized officers, employees or agents of the Program Administrator shall be only such persons as are designated by the Program Administrator in writing to the Custodian. The Custodian may rely on instructions received by telephone, tested telex, TWX, facsimile transmission or by bank wire which the Custodian believes in good faith to have been given by an authorized person. The Custodian may also rely on instructions transmitted electronically through a customer data entry system or any similar electronic instruction system acceptable to the Custodian. Any instructions delivered to the Custodian by telephone

shall promptly thereafter be confirmed in writing by an authorized person, but the Custodian will incur no liability for the Program Administrator's failure to send such confirmation in writing. Instructions are deemed given to the Custodian when actually received by the Custodian.

(b) In the absence of bad faith or negligence on its part, the Custodian may conclusively rely, as to the truth and correctness of the statements expressed in notices, certificates or documents submitted to it, and the Custodian need not investigate any fact or matter stated in any such notice, certificate or document submitted to it or verify the accuracy of the contents thereof.

#### 5.6. Degree of Care.

(a) The Custodian shall hold the Investment Property in the Account with the same degree of care and protection with which it holds its own property. The Custodian agrees that it shall be responsible for any loss of Investment Property caused solely by the negligence or bad faith of the Custodian or its agents or any material breach of this Interlocal Agreement by the Custodian. The Custodian is hereby released from liability except for liability arising from the negligence or bad faith of the Custodian or its agents or any material breach of this Interlocal Agreement by the Custodian. In the event of any such loss of Investment Property, the Custodian shall promptly replace the Investment Property or the value thereof and the value of any such loss of rights or privileges resulting from such loss. The Custodian shall not be responsible for the acts or omissions or solvency of any broker or agent selected by the Program Administrator to effect any transactions for the Account.

(b) The Custodian shall not be liable for any error of judgment made in good faith by an employee, officer or agent of the Custodian, unless it was proved that the Custodian was negligent in ascertaining the pertinent facts.

(c) Except as provided in Section 5.6(a), the Custodian shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers unless it receives indemnity satisfactory to it for repayment of such funds or against such risk of liability.

(d) The Custodian shall have no discretion whatsoever with respect to the management, disposition or investment of Investment Property and is not a fiduciary to the Program Administrator or the Participants. During the term of this Interlocal Agreement, the Custodian may, with respect to questions of law and construction of this Interlocal Agreement, apply for and obtain, at the cost of the Custodian, the advice



and opinion of counsel of its choice and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion.

(e) The Custodian shall have no duties except those that are specifically set forth in this Interlocal Agreement. The Custodian shall only be responsible for custody hereunder of Investment Property delivered to it and then only while such Investment Property is held in the Account.

5.7. Subrogation. At the election of a majority of the Board of Representatives, the Participants shall be entitled to be subrogated to the rights of the Custodian, with respect to any claim against any other Person or institution which the Custodian may have, as a consequence of any loss or damage to the Investment Property. In such event, the Board of Representatives shall consult with the Custodian concerning selection of counsel and management of any litigation to recover for such loss. Any Participant that shall fail to have its Representative consent to such election to subrogate must consent in writing prior to the effectiveness of such election, or such Participant shall be deemed to have voluntarily withdrawn from participation in this Interlocal Agreement pursuant to Section 2.4(a) hereof.

5.8. Insurance. The Custodian shall maintain, during the term of this Interlocal Agreement, adequate surety bonds and insurance coverage comparable to the types, amounts and limits that are customary for financial institutions acting in a fiduciary capacity, but in no event shall such coverage be below the following minimum amounts, provided such coverage may be obtained through one aggregate policy:

- |                               |   |              |
|-------------------------------|---|--------------|
| (a) Financial Institution     | - | \$50,000,000 |
| (b) Electronic Computer Crime | - | \$50,000,000 |

Notwithstanding the foregoing or any other provision of this Interlocal Agreement to the contrary, the Custodian may self-insure for risks usually covered by a standard fiduciary and trust errors and omissions insurance policy customary for financial institutions acting in a fiduciary capacity and shall be liable to the joint undertaking created by this Interlocal Agreement and the Participants for any losses if any such risks occur.

5.9. Setoff. The Custodian shall not have, and shall not seek to enforce, any right of setoff, recoupment or similar rights against the Investment Property for any amounts owed to the Custodian pursuant to this Interlocal Agreement.

ARTICLE VI  
PROGRAM COSTS AND EXPENSES

6.1. Expenses.

(a) In consideration of the performance of its obligations hereunder, the Program Administrator shall receive a fee from the Participants as set forth on Exhibit F which fee shall be paid from the earnings on the Account. The Program Administrator's fee shall be an Investment Property Liability. The Program Administrator shall submit a monthly bill to the Treasurer for approval stating the amount of the fee for the previous month and providing sufficient information to demonstrate that the fee was calculated in accordance with Exhibit F. The Treasurer is hereby given the authority to approve or disapprove the bills submitted by the Program Administrator. After receiving the approval of the Treasurer of such bills, the Program Administrator shall submit such bills to the Custodian for payment and the Custodian shall pay such bills from the earnings in the Account. From its fee, the Program Administrator shall pay the following costs and expenses: the Custodian's fee set forth in Exhibit G, the costs of third parties retained by the Program Administrator to render investment advice pursuant to Section 4.9, all custodial and securities clearance transaction charges, the cost of valuing the Investment Property, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to Section 4.3 hereof (but only if the Program Administrator selects such auditors), the fees of the Program Administrator's legal counsel, the cost of meetings of the Board of Representatives (but not including the attendance costs of the Representatives), and the costs of Participant surveys and mailings. The fees and expenses of any letter of credit or other credit or liquidity enhancement obtained for the benefit of the Participants and the costs of obtaining a rating, if any, on the investment program created by this Interlocal Agreement from a nationally recognized statistical rating organization shall not be paid from the Program Administrator's fee and shall be Investment Property Liabilities.

(b) There shall be no staff required for administering this Interlocal Agreement other than that of the Program Administrator, the Custodian, the Treasurer, any Assistant Treasurer and the Board of Representatives. The expenses of the investment program created by this Interlocal Agreement shall be borne as set forth in Section 6.1(a), only from the earnings, if any, on the Account or, in the case of the costs of a Representative attending a Meeting of the Board of Representatives or other costs expressly allocated to the Participants pursuant to this Interlocal Agreement, directly by

each Participant. Accordingly, there is no need to establish a budget for such program.

(c) At least annually, the Treasurer shall prepare a budget for the joint undertaking set forth in this Interlocal Agreement and submit the budget to the Board for approval. Upon approval by the Board, the Treasurer shall maintain the budget.



ARTICLE VII  
REPRESENTATIONS AND WARRANTIES

7.1. Representations and Warranties of Each Participant.  
Each Participant hereby represents and warrants that:

(a) the Participant has taken all necessary actions and has received all necessary approvals and consents (including the approval by the fiscal body of the Participant) and adopted all necessary ordinances and resolutions in order to execute and deliver this Interlocal Agreement and to perform its obligations hereunder, including, without limitation, the appointment of its Representative, the appointment of the Program Administrator as Program Administrator and the appointment of the Custodian as Custodian; and

(b) the execution, delivery and performance of this Interlocal Agreement by the Participant are within the power and authority of the Participant and do not violate the laws of the State of Indiana (or any other federal, state or local law) applicable to the Participant itself and not to the other parties hereto or the Participant's charter or its organizational statute, instrument or documents or any other applicable federal, state or local ordinance, resolution, rule or regulation; and

(c) the execution, delivery and performance of this Interlocal Agreement has been duly authorized and this Interlocal Agreement is the legal, valid and binding obligation of the Participant enforceable against the Participant in accordance with its terms; subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws now or hereafter in effect relating to creditors' rights generally, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(d) the certificates delivered heretofore or hereafter by the Participant pursuant to this Interlocal Agreement, as of the date specified therein, are true and complete and contain no material misstatements of fact or omissions that render them misleading; and

(e) the execution, delivery and performance of this Interlocal Agreement do not conflict with or result in the breach or termination of, or otherwise give any other person the right to terminate, or constitute a default, event of default or an event with notice or lapse of time, or both would constitute a default or an event of default under the terms of any contract or permit to which the Participant is a party or by which the Participant or its properties are bound.

7.2. Representations and Warranties of the Custodian. The Custodian hereby represents and warrants that:

(a) the Custodian is a duly organized and validly existing national banking organization, organized under the laws of the United States with its principal office or a branch in Indianapolis, Indiana as contemplated by IC 5-13-4-10, has been duly designated as a depository pursuant to IC 5-13-8, and is duly qualified to conduct business in the State of Indiana; and

(b) the execution, delivery and performance of this Interlocal Agreement have been duly authorized by all necessary action on the part of the Custodian and this Interlocal Agreement is the legal, valid and binding obligation of the Custodian enforceable against the Custodian in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws now or hereafter in effect relating to creditors' rights generally or the rights of creditors of banks, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(c) the performance by the Custodian of its obligations under this Interlocal Agreement does not violate any laws applicable to the Custodian itself and not to the other parties hereto, rules or regulations of the State of Indiana.

7.3. Representations and Warranties of the Program Administrator. The Program Administrator hereby represents and warrants that:

(a) the Program Administrator is a duly organized and validly existing Delaware corporation, and is a duly registered investment advisor under the Investment Advisers Act of 1940; and

(b) the execution, delivery and performance of this Interlocal Agreement have been duly authorized by all necessary action on the part of the Program Administrator and this Interlocal Agreement is the legal, valid and binding obligation of the Program Administrator, enforceable against the Program Administrator in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws now or hereafter in effect relating to creditors' rights generally, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(c) the performance by the Program Administrator of its obligations under this Interlocal Agreement does not violate any laws, rules or regulations of the State of Indiana applicable to the Program Administrator itself and not to the other parties hereto.



ARTICLE VIII  
COVENANTS

8.1. Source of Investments. Each Participant hereby covenants that it will invest pursuant to Section 2.1 only Investment Funds that are permitted to be invested by it pursuant to the laws of the State of Indiana (or any other applicable federal, state or local law) and any charter, instrument, organizational document or organizational statute applicable to such Participant and any federal, state or local rule, ordinance, resolution or regulation applicable to such Participant, and that it will perform all actions required by the laws of the State of Indiana (or any other applicable federal, state or local law) and any charter, instrument, organizational document or organizational statute applicable to such Participant and any federal, state or local rule, ordinance, resolution or regulation applicable to such Participant to be done prior to such investment.

8.2. Truth of Representations and Warranties. Each party to this Interlocal Agreement hereby covenants that it shall withdraw from this Interlocal Agreement prior to the time any of the representations and warranties made by it in Article VII hereof ceases to be true.



ARTICLE IX  
AMENDMENT AND TERMINATION

9.1. Amendment.

(a) Unless explicitly set forth otherwise herein, this Interlocal Agreement may be amended only by a writing consented to by the Program Administrator, the Custodian and a majority of the Participants (acting through the Board of Representatives).

(b) Any amendment executed pursuant to Section 9.1(a) hereof will be effective upon the earlier of (i) thirty (30) days after notice is mailed to the Participant setting forth such amendment and stating that the last consent as required by Section 9.1(a) hereof has been obtained or (ii) on the date the Program Administrator, the Custodian and all Participants (acting through the Board of Representatives) have consented thereto.

(c) During the thirty (30) day period specified in Section 9.1(b), any Participant whose Representative has not consented to the amendment, shall deliver a written consent of such Representative to the amendment or such Participant shall be deemed to have voluntarily withdrawn from participation in this Interlocal Agreement pursuant to Section 2.4(a) hereof.

(d) Notwithstanding the foregoing, Exhibit E hereof may be amended by a writing consented to by the Treasurer and the Program Administrator. Any such amendment of Exhibit E hereof shall become effective thirty (30) days after notice thereof is sent to the Participants and the Custodian setting forth such amendment.

(e) Notwithstanding the foregoing, Exhibits A, B, and C may be amended by the Program Administrator, after consultation with the Treasurer. Any such amendment shall become effective thirty (30) days after notice thereof is mailed to the Participants and the Custodian setting forth such amendment.

(f) Notwithstanding the foregoing, Exhibit G hereby may be amended by the Program Administrator and the Custodian. Any such amendment shall become effective upon the date determined by the Custodian and the Program Administrator.

9.2. Termination.

(a) This Interlocal Agreement shall continue in full force and effect unless terminated as set forth in this Section 9.2. This Interlocal Agreement may be terminated at any time pursuant to a duly adopted amendment hereto. This Interlocal Agreement shall terminate automatically if the Interlocal Agreement is not amended to name a new Custodian or Program Administrator on or before the day that is immediately prior to

the date on which the resignation, withdrawal or removal of the Custodian or Program Administrator would otherwise become effective.

(b) Upon the termination of this Interlocal Agreement pursuant to this Section 9.2:

(i) The Custodian, the Board of Representatives, the Treasurer, all Assistant Treasurers and the Program Administrator shall carry on no business in connection with the Investment Property except for the purpose of satisfying the Investment Property Liabilities and winding up their affairs in connection with the Investment Property;

(ii) The Custodian, the Board of Representatives, the Treasurer, all Assistant Treasurers and the Program Administrator shall proceed to wind up their affairs in connection with the Investment Property, and all of the powers of the Custodian, the Board of Representatives, the Treasurer, the Assistant Treasurers and the Program Administrator under this Interlocal Agreement shall continue until the affairs of the Custodian, the Board of Representatives, the Treasurer, the Assistant Treasurers and the Program Administrator in connection with the Investment Property shall have been wound up, including, but not limited to, the power to collect amounts owed, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Investment Property to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the Investment Property; and

(iii) After paying or adequately providing for the payment of all Investment Property Liabilities, and upon receipt of such releases, indemnities and refunding agreements as each of the Custodian, the Board of Representatives, the Treasurer, all Assistant Treasurers and the Program Administrator deem necessary for their protection, the Program Administrator shall direct the Custodian to distribute the remaining Investment Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate Balances.

(c) Upon termination of this Interlocal Agreement and distribution to the Participants as herein provided, the Program Administrator shall execute and lodge among the records maintained in connection with this Interlocal Agreement an instrument in writing setting forth the fact of such termination, and the Program Administrator, the Custodian, the Board of Representa-



tives, the Treasurer, all Assistant Treasurers and the Participants shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and benefits of all Participants hereunder shall cease and be cancelled and discharged; provided that Sections 4.6(a), 4.8 and 5.6 hereof shall survive any resignation or termination of the Program Administrator or the Custodian or any termination of this Interlocal Agreement.

(d) If this Interlocal Agreement is terminated pursuant to Section 9.2(a) hereof because of the resignation and/or removal of the Program Administrator, such resignation and/or removal shall be postponed until the instrument contemplated by Section 9.2(c) hereof has been executed and lodged among the records maintained in connection with this Interlocal Agreement.



ARTICLE X  
MISCELLANEOUS

10.1. Governing Law. This Interlocal Agreement is executed by the Participants and delivered in the State of Indiana and with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Indiana.

10.2. Counterparts. This Interlocal Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

10.3. Severability. The provisions of this Interlocal Agreement are severable, and if any one or more of such provisions (the "Conflicting Provisions") are in conflict with any applicable laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Interlocal Agreement and this Interlocal Agreement may be amended pursuant to Section 9.1 hereof to remove the Conflicting Provisions; provided, however, that such conflict or amendment shall not affect or impair any of the remaining provisions of this Interlocal Agreement or render invalid or improper any action taken or omitted prior to the discovery or removal of the Conflicting Provisions.

10.4. Gender; Section Headings and Table of Contents.

(a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(b) Any headings preceding the texts of the several Articles and Sections of this Interlocal Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Interlocal Agreement nor affect its meaning, construction or effect.

10.5. No Assignment. No party hereto may sell, assign, pledge or otherwise transfer any of its rights or benefits under this Interlocal Agreement to any other Person, and any purported sale, assignment, pledge or other transfer shall be null and void.

10.6. No Partnership. Other than the creation by the Participants of an interlocal cooperation agreement pursuant to IC §§36-1-7-1 et seq., this Interlocal Agreement does not create or constitute an association of two or more Persons to carry on



as co-owners a business for profit, and none of the parties intends this Interlocal Agreement to constitute a partnership or any other joint venture or association.

10.7. Notice. Unless oral notice is otherwise allowed in this Interlocal Agreement, all notices required to be sent under this Interlocal Agreement:

(a) shall be in writing;

(b) shall be deemed to be sufficient if given by (i) depositing the same in the United States mail, postage prepaid, or (ii) electronically transmitting such notice by any means such as by facsimile transmission, telegraph, telex or computer hookup, or (iii) by depositing the same with a courier delivery service, addressed to the person entitled thereto at his address or phone number as it appears on the records maintained by the Program Administrator;

(c) shall be deemed to have been given on the day of such mailing, transmission or deposit; and

(d) any of the methods specified in Section 10.7(b) shall be sufficient to deliver any notice required hereunder, notwithstanding that one or more of such methods may not be specifically listed in the Sections hereunder requiring such notice.

10.8. Entire Agreement. Except with respect to the letter described in Exhibit G between the Custodian and the Program Administrator, this Interlocal Agreement shall constitute the entire agreement of the parties with respect to the subject matter and shall supersede all prior oral or written agreements in regard thereto.

10.9. Confidentiality.

(a) All information and recommendations furnished by the Program Administrator to any Participants, the Board of Representatives or the Treasurer that is marked confidential and all information and directions furnished by the Program Administrator to the Custodian shall be regarded as confidential by each such Person to the extent permitted by law. The Program Administrator and the Custodian shall regard as confidential all information concerning the Investment Property and the affairs of the Participants. Nothing in this Section shall prevent any party from divulging information as required by law or from divulging information to civil, criminal, bank or securities regulatory authorities where such party may be exposed to civil or criminal proceedings or penalties for failure to comply or from divulging information in accordance with IC §§5-14-3-1 et seq or to prevent the Program Administrator from distributing

copies of this Interlocal Agreement, the names of the Participants, or the Investment Property Value to third parties provided, however, confidential information shall not include (i) information that is independently developed or obtained by a party without the use of information provided by any other party or (ii) information that is otherwise available to the public.

(b) In the event that on-line terminals or similar electronic devices are used for communication from the Program Administrator to the Custodian, or from the Participants to either the Program Administrator or the Custodian, the Program Administrator and the Participants agree to safeguard and maintain the confidentiality of all passwords or numbers and to disclose them only to such of its employees and agents as reasonably require access to the information concerning the Investment Property. The Custodian agrees to safeguard and maintain the confidentiality of all passwords or numbers and to limit access to this information for the purpose of acting pursuant to this Interlocal Agreement. The Custodian and the Program Administrator may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Account or transactions pursuant to this Interlocal Agreement.

10.10. Disputes. In the event of any dispute between the parties, the parties agree to attempt to resolve the dispute through negotiation or a method of alternative dispute resolution. No litigation shall be commenced without a certification by an authorized officer, employee, or agent of any party that the dispute cannot be resolved by negotiation or alternative dispute resolution provided in writing at least 10 days before commencing legal action.

10.11. Majority of Participants or of the Board of Representatives. Whenever any provision hereof refers to a majority of the Participants or of the Board of Representatives, such majority shall be determined based upon the number of Participants or Representatives, respectively, at that time and shall not be determined by a reference to the Balance of each Participant.

10.12. Writings. Whenever this Interlocal Agreement requires a notice, instruction or confirmation to be in writing or a written report to be made or a written record to be maintained, it shall be sufficient if such writing is produced or maintained by electronic means or maintained by any other photostatic, photographic, or micrographic data storage method such as micro-fiche as well as on paper, provided to the extent any such item is subject to IC 5-15-1, et. seq., such item shall be maintained in accordance with the provision of IC 5-15-1 et. seq.

10.13 Effective Date. This Interlocal Agreement shall become effective on the Effective Date.

IN WITNESS WHEREOF, the parties have caused this Interlocal Agreement to be executed in their names and on their behalf as of the date first written above.

MBIA MUNICIPAL INVESTORS  
SERVICE CORPORATION

By [Signature]  
Name:  
Title:

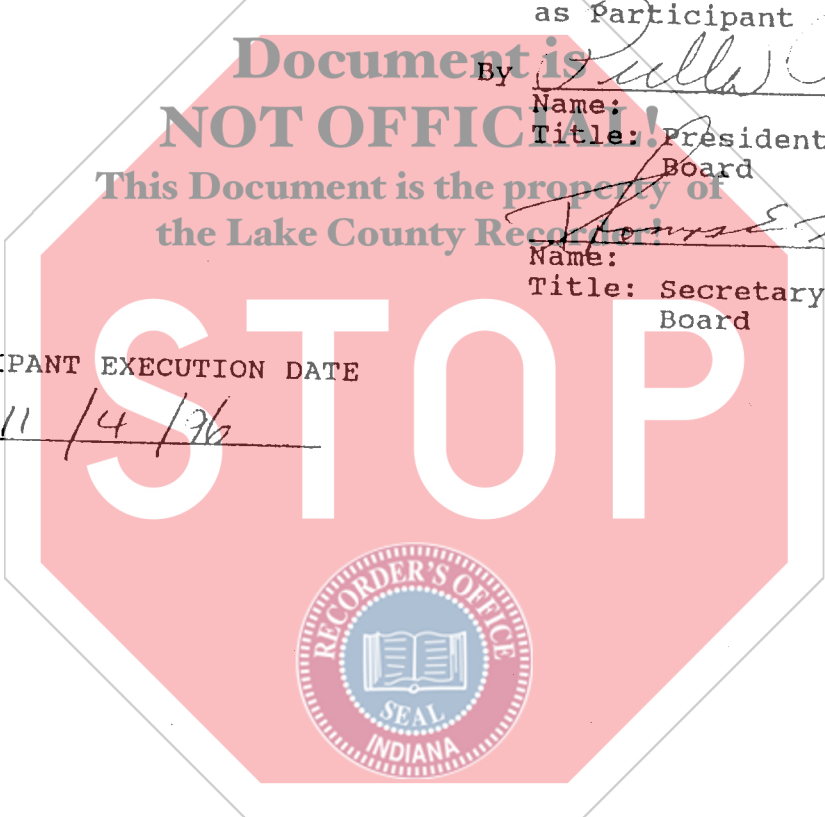
BANK ONE, INDIANAPOLIS, N.A.  
as Custodian

By [Signature]  
Name: THERESA E. WALKER  
Title: VICE PRESIDENT  
AND TRUST OFFICER

TIPPECANOE COUNTY PUBLIC LIBRARY,  
as Participant

By [Signature]  
Name:  
Title: President of Library  
Board

[Signature]  
Name:  
Title: Secretary of Library  
Board



PARTICIPANT EXECUTION DATE

11 / 4 / 96



10.13 Effective Date. This Interlocal Agreement shall become effective on the Effective Date.

IN WITNESS WHEREOF, the parties have caused this Interlocal Agreement to be executed in their names and on their behalf as of the date first written above.

MBIA MUNICIPAL INVESTORS  
SERVICE CORPORATION

By \_\_\_\_\_  
Name:  
Title:

BANK ONE, INDIANAPOLIS, N.A.  
as Custodian

By \_\_\_\_\_  
Name:  
Title:

COUNTY OF TIPPECANOE, INDIANA, as  
Participant

By: The Board of County  
Commissioners of the County  
of Tippecanoe, Indiana

This Document is the property of  
the Lake County Recorder

*William D. Haan*  
Name: William D. Haan  
Title: President

*Nola J. Gentry*  
Name: Nola J. Gentry  
Title: Member

*Gene Jones*  
Name: Gene Jones  
Title: Member

ATTEST:

*Betty J. Michael*  
Betty J. Michael, Auditor  
Tippecanoe County

PARTICIPANT EXECUTION DATE

12-16-96



STATE OF New York )  
 ) : ss.  
COUNTY OF Westchester )

Personally appeared on November 4, 1996 Leon J. Karvelis, Jr.,  
the President of MBIA Municipal Investors Service  
Corporation, signer and sealer of the foregoing instrument, and  
acknowledged the same to be his/her free act and deed and the  
free act and deed of MBIA Municipal Investors Service  
Corporation, before me.

FIFI C. DUBOIS  
Notary Public, State of New York  
No. 01DU5052689  
Qualified in Westchester County  
Commission Expires December 4, 1997

Fifi C. DuBois  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF Indiana )  
 ) : ss.  
COUNTY OF Marion )

Before me, a Notary Public in and for the State of Indiana,  
personally appeared Theresa E. Walker, the  
Vice President of Bank One, Indianapolis, N.A., as Custodian,  
who acknowledged the execution of the foregoing on behalf of Bank  
One, Indiana, N.A. and who, having been duly sworn stated that  
the representations contained therein are true.

Witness my hand and notarial seal this 29 day of  
November, 1996.



I am a resident of  
Marion County  
State of Indiana

Deidra L. Harris  
Written Signature  
Deidra L. Harris  
Printed Signature  
Notary Public  
My Commission Expires:

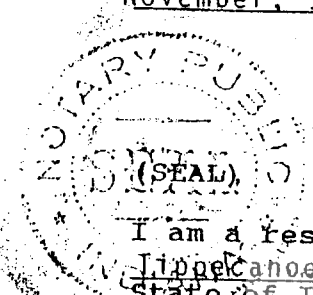


no commission  
exp. date

STATE OF Indiana )  
 ) : ss.  
COUNTY OF Tippecanoe )

Before me, a Notary Public in and for the State of Indiana, personally appeared Prella P. McBride and Thomas E. Nidiffer II the President and the Secretary of the Library Board of Tippecanoe County Public Library, who acknowledged the execution of the foregoing on behalf of Tippecanoe County Public Library and who, having been duly sworn stated that the representations contained therein are true.

Witness my hand and notarial seal this 4th day of November, 1996



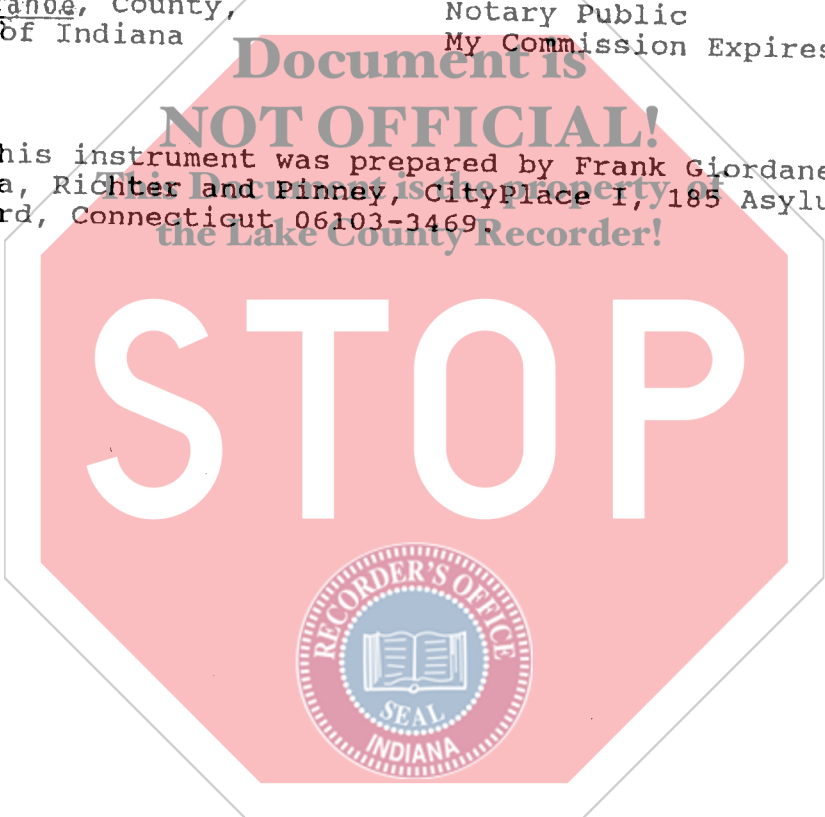
I am a resident of  
Tippecanoe, County,  
State of Indiana

Patricia A. Clark  
Written Signature

Patricia A. Clark  
Printed Signature

Notary Public  
My Commission Expires: April 25, 1998

This instrument was prepared by Frank Giordanella, Murtha, Cullina, Richter and Pinney, CityPlace I, 185 Asylum Street, Hartford, Connecticut 06103-3469.

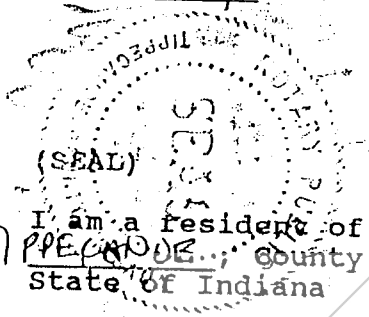




STATE OF INDIANA )  
 )  
COUNTY OF TIPPECANOE ) ss.

Before me, a Notary Public in and for the State of Indiana, personally appeared William D. Haan, Nola J. Gentry and Gene Jones, the Members of the Board of County Commissioners of the County of Tippecanoe, Indiana, who acknowledged the execution of the foregoing on behalf of the County of Tippecanoe, Indiana and who, having been duly sworn stated that the representations contained therein are true.

Witness my hand and notarial seal this 16<sup>th</sup> day of DECEMBER, 1996



Mary E. Swink  
Written Signature

MARY E. SWINK  
Printed Signature  
Notary Public  
My Commission Expires: September 11, 1998

**Document is NOT OFFICIAL!**

**This Document is the property of the Lake County Recorder!**

This instrument was prepared by Frank Giordanella, Murtha, Cullina, Richter and Pinney, CityPlace I, 185 Asylum Street, Hartford, Connecticut 06103-3469.

**STOP**



EXHIBIT A

INVESTMENT PROCEDURES

1. The Participant shall call or send a written notice to the Program Administrator indicating the amount to be invested (there is no minimum investment). The Participant shall instruct its bank depository to wire or electronically transfer Investment Funds to the Account at the Custodian or the Participant shall deliver a check in immediately available funds to the Custodian for the purchase of securities to be held by the Custodian.
2. Receipt by the Program Administrator prior to 11:00 a.m. Indianapolis time of notification for Investment Funds being invested will cause the value of the Investment Funds to be credited and earn income on the same Business Day.
3. Receipt by the Program Administrator after 11:00 a.m. Indianapolis time of notification for Investment Funds being invested will cause the value of the Investment Funds to be credited and earn income on the next Business Day.
4. If Investment Funds for which notification of investment has been given, are not received by the end of the Business Day on which such notification is given, the Program Administrator shall deduct the value of such Investment Funds from the Participant's Balance if previously credited.
5. The Participant is prohibited from requesting payments from amounts credited to its Balance pursuant to (2) or (3) above, until such Investment Funds are received by the Custodian for the purchase of securities to be held by the Custodian.
6. These Investment Procedures may be amended from time to time pursuant to Section 9.1(e) of this Interlocal Agreement, provided, however, the Program Administrator will only change the times set forth above after consulting with the Custodian.



EXHIBIT B

PAYMENT PROCEDURES

1. The Participant shall call or send a written notice to the Program Administrator indicating the amount requested to be paid.
2. The Participant shall notify the Program Administrator in writing of the payee of the amount requested, which may be the Participant, and include any wire, electronic transfer or other payment instructions. Such payee must be listed on the list of approved payees that has been provided by the Participant to the Program Administrator in advance of the payment.
3. Requests for payments must be received by the Program Administrator by 11:00 a.m. Indianapolis time for payments to be made that Business Day.
4. Requests for payments received by the Program Administrator after 11:00 a.m. Indianapolis time will be processed the following Business Day.
5. The Participant may only request payments of that portion of its Balance that represents Investment Funds and its proportional share of the income from the Investment Property which in all cases have actually been received by the Custodian.
6. These Payment Procedures may be amended from time to time pursuant to Section 9.1(e) of this Interlocal Agreement, provided, however, that the Program Administrator will only change the times set forth above after consulting with the Custodian.

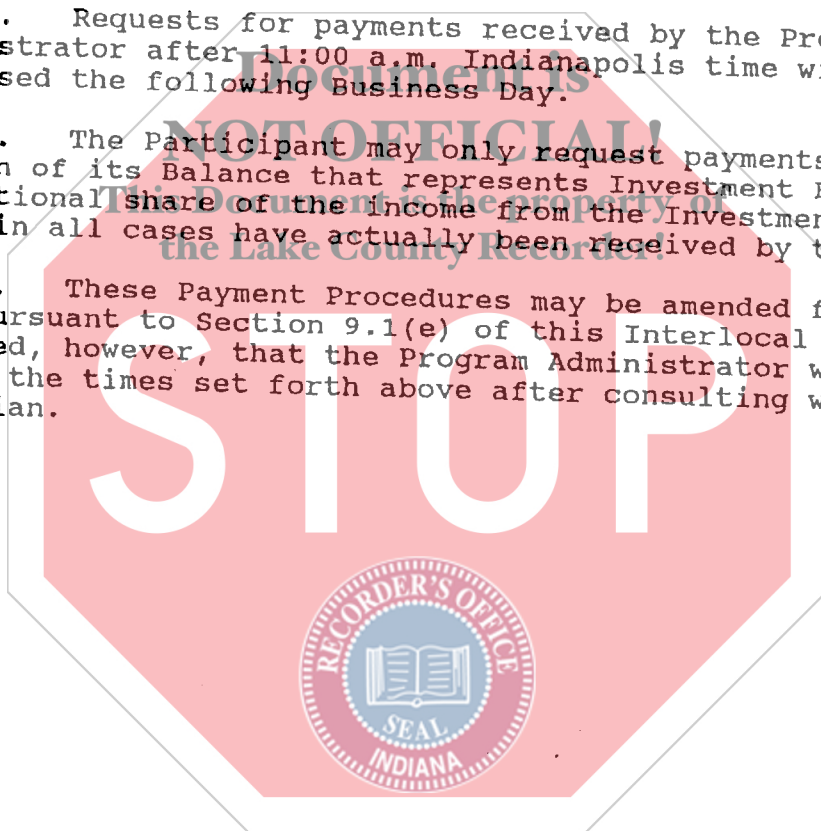


EXHIBIT C

VALUATION PROCEDURES

1. Portfolio Valuation.

A. Amortized Cost Valuation

On a daily basis, normally at 3:00 p.m. Eastern time, the Investment Property Value shall be determined using the amortized cost valuation method. The amortized cost valuation method involves initially valuing a security at its cost and thereafter accreting to maturity any discount or amortizing to maturity any premium, regardless of the impact of fluctuating interest rates on the market value of the instrument.

B. Mark to Market

At least monthly or more frequently if requested by a majority of the Board of Representatives, the Investment Property Value shall be determined on a mark to market basis, provided, however, the value of any collateral that is collateralizing any repurchase agreement shall be marked to market on a daily basis.

The market value of all or a part of the Account's securities will be determined from the bid and ask prices for such securities as quoted in The Wall Street Journal (Eastern Edition) or by an independent nationally recognized pricing service for the Business Day preceding the Business Day on which the determination of such market value is made (plus accrued interest to such preceding Business Day); if the securities are not so quoted on such preceding Business Day, their market value will be determined as of the next preceding Business Day on which they were so quoted. Securities not quoted in The Wall Street Journal or by an independent nationally recognized pricing service will be valued by taking a bid quote from one primary dealer making a market in such securities or if there is no primary dealer in such securities by such other reasonable method as the Program Administrator shall determine.

As an alternative to determining the market value pursuant to the foregoing paragraph, the market value of all or a portion of the Account's securities may be determined using the matrix method. Matrix pricing involves grouping securities into a matrix by type, maturity and short-term credit rating. A primary dealer who makes markets in those securities will provide the bid side prices for the matrix.

2. Amendment.

These Valuation Procedures may be amended from time to time pursuant to Section 9.1(e) of this Interlocal Agreement.



EXHIBIT D

PARTICIPATION CERTIFICATE

Pursuant to Section 2.3 of the Interlocal Agreement (the "Interlocal Agreement") dated as of October 1, 1996 by and between the Participants, Bank One, Indianapolis, N.A., as Custodian and MBIA Municipal Investors Service Corporation, the undersigned \_\_\_\_\_ does hereby request that it be admitted as a Participant. By executing this Participation Certificate, the undersigned agrees that, upon the execution by the Program Administrator of this Certificate, it will become subject to the same obligations and shall have the same rights as if it had executed the Interlocal Agreement.

The undersigned hereby certifies that \_\_\_\_\_ is the duly designated Representative of the undersigned as required by the Interlocal Agreement.

The undersigned hereby certifies that its governing body (and fiscal body if different from the governing body) has taken all actions required by Indiana law in order for it to enter into and perform the Interlocal Agreement.

**NOT OFFICIAL!**

This Document is the property of \_\_\_\_\_  
the Lake County Recorder! (Name of Participant)

PARTICIPANT EXECUTION DATE \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted: \_\_\_\_\_

MBIA Municipal Investors  
Service Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



STATE OF )  
COUNTY OF ) ss.

Personally appeared on \_\_\_\_\_, the  
\_\_\_\_\_ of MBIA Municipal Investors Service Corporation  
signer(s) and sealer(s) of the foregoing instrument, and  
acknowledged the same to be his/her free act and deed and the  
free act and deed of MBIA Municipal Investors Service  
Corporation, before me.

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF )  
COUNTY OF ) ss.

Before me, a Notary Public in and for the State of Indiana,  
personally appeared \_\_\_\_\_, the  
\_\_\_\_\_ of \_\_\_\_\_ Indiana, who acknowledged the  
execution of the foregoing on behalf of \_\_\_\_\_ and who,  
having been duly sworn stated that the representations contained  
therein are true.

Witness my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_

(SEAL)

I am a resident of \_\_\_\_\_  
\_\_\_\_\_, County,  
State of Indiana.

\_\_\_\_\_  
Written Signature

\_\_\_\_\_  
Printed Signature  
Notary Public  
My Commission Expires:



EXHIBIT E

INVESTMENT CRITERIA

1. General Objectives

- a. Legality: invest only in investments legally permissible under Indiana law.
- b. Safety: minimize risk by managing portfolio investments so as to preserve principal and maintain a stable asset value.
- c. Liquidity: manage portfolio investments to ensure that cash will be available as and when required to finance Participants' operations.
- d. Yield: maximize current income to the degree consistent with legality, safety and liquidity.

2. Investments

Investment Funds may only be invested in a manner that is permitted pursuant to the laws of the State of Indiana. Unless Indiana law permits otherwise, all investments must have a stated final maturity of not more than two (2) years after the date of purchase or entry into a repurchase agreement. Unless Indiana law permits otherwise, repurchase agreements must be entered into with designated depositories (under IC 5-13-9.5) and must be fully collateralized by interest bearing obligations issued or fully insured or guaranteed by the United States, a United States government agency, a United States instrumentality, or a federal government sponsored enterprise (provided such obligations are not subject to the maturity limitation set forth above) which collateral must be valued daily and adjusted as required by the provisions of IC 5-13-9-3.

3. Amendment

These Investment Criteria may be amended from time to time pursuant to Section 9.1(d) of this Interlocal Agreement.

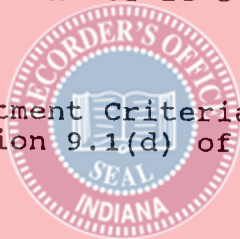




EXHIBIT F

PROGRAM ADMINISTRATOR'S FEE

For the performance of its obligations under this Interlocal Agreement, the Program Administrator will charge up to a 50 basis points fee from the Investment Property Value (the "Daily Fee"). This Daily Fee will accrue on a daily basis and be paid monthly.

The Daily Fee shall be calculated as follows:

The Investment Property Value

is multiplied by (x) .0050 (50 Basis Points)

and divided by (+) 365 days

and that equals (=) The Daily Fee Accrual

Fees may be waived or abated at any time, or from time to time, at the sole discretion of the Program Administrator. Should such fees be waived or abated, during the period of the waiver or abatement, the Program Administrator must pay the costs as provided in Section 6.1 hereof even if not covered by the waived or abated fees.



EXHIBIT G

CUSTODIAN'S FEES

The Program Administrator shall pay to the Custodian the costs and fees specified in the letter dated October 1, 1996 from the Custodian to the Program Administrator, as amended from time to time by the Program Administrator and the Custodian pursuant to Section 9.1(f) hereof.





STATE OF INDIANA-TIPPECANOE COUNTY  
I hereby certify this is a true and complete  
copy of the 58 page document  
contained in record 9626488  
in this office.  
Date certified April 25, 2002  
SEAL Pamela K. Berglund by Judi Schuetz, deputy  
Recorder of Tippecanoe Co.