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Board of Directors
The Indianapolis Local Public Improvement Bond Bank

We have audited the financial statements of The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying such matters.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Internal Control

In planning and performing our audit of the financial statements of the Bond Bank as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States, we considered the Bond Bank's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bond Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Bank's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We consider the following deficiency in internal control to be a material weakness:

- ***Material Audit Adjustments Recorded***

During the audit, we proposed adjusting journal entries to correct previously undetected misstatements in the Bond Bank's accounting records. Management should oversee the accounting services being performed and review the end product. In addition, management should ensure the accounting work is being performed in a timely manner and adequate segregation of duties is maintained.

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Bond Bank is included in Note 1 to the financial statements. There was no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2008. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the fair market value disclosures of derivative instruments and the allowance for doubtful accounts.

Management's estimate of the fair market value of derivatives is based on a mark to market calculation prepared by a third party financial services firm. Management's estimate of the allowance for doubtful accounts is determined by a review of accounts receivable that are past due and management's determination of the individual balance's collectability. We evaluated the key factors and assumptions used to develop the estimates and determined that the estimates are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Bond Bank's financial statements relate to cash and investments, loans to qualified entities, bonds and notes payable, swap agreements and variable rate demand bonds.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached listing of material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Bond Bank's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 30, 2009.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Bond Bank, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Bond Bank, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Bond Bank's auditors.

This report is intended solely for the information and use of the management and Board of Directors of the Bond Bank, and is not intended to be and should not be used by anyone other than these specified parties.

Katy, Aggarwal, 220
Indianapolis, Indiana
June 30, 2009