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INDIANA
WASHINGTON, D.C.
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January 12, 2006

CRF Financial Group, Inc.
9247 North Meridian St., Suite 125
Indianapolis, IN 46260

Re: Interlocal Agreement for Investment of Public Funds

Ladies and Gentlemen:

We have acted as special counsel to you, and you have requested our opinion, in connection with an interlocal agreement for the investment of public funds by and among various Indiana governmental entities. Specifically, you have asked whether the investment of public funds by Indiana governmental entities through such an agreement complies with the provisions of Indiana Code 5-13 (the "Act"), and Indiana Code 36-1-7 (the "Interlocal Law").

For the purpose of rendering the opinions expressed herein, we have reviewed the Interlocal Agreement dated as of January 1, 2006 (the "Agreement"), constituting an interlocal cooperation agreement by and among the Indiana Participants that have entered into the Interlocal Agreement (the "Participants"), and an agreement for services by and among the Participants, U.S. Bank, as Custodian (the "Custodian"), and CRF Financial Group, Inc., as Program Administrator ("CRF").

With respect to the Agreement, we have assumed:

- A. The genuineness of all signatures, and the incumbency, authority, legal right and power, and legal capacity under all applicable laws and regulations, of the officers and other persons and entities signing the Agreement as or on behalf of the parties thereto;
- B. The authenticity of the Agreement submitted to us as an original; and
- C. The conformity to the authentic original of the Agreement submitted to us as a certified, conformed or photostatic copy.

In addition, we have, with your consent, assumed the following legal or factual matters:

1. Political subdivisions (as defined in Indiana Code 36-1-2-13), the State of Indiana (the "State") and State agencies (as defined for purposes of the Interlocal Law) (each a "State Participant") will be the only Participants under the Agreement;
2. The Agreement will be approved by ordinance or resolution adopted by the fiscal body (as defined in Indiana Code 36-1-2-6) of each Participant that is a political subdivision and the appropriate body of each State Participant or other governmental entity under State law;
3. The Agreement will be executed by the executive (as defined in Indiana Code 36-1-2-5) of each Participant that is a political subdivision and the appropriate official of each State Participant or other governmental entity under Indiana law;
4. The Custodian is and will at all times be a duly designated depository (as defined in Indiana Code 5-13-9.5);
5. Before a State Participant may enter into the Agreement, the Indiana Attorney General must have approved the Agreement or failed to disapprove the Agreement within sixty (60) days after submission thereof pursuant to Section 4(b) of the Interlocal Law;
6. The representations and warranties of each Participant, the Custodian and CRF set forth in the Agreement will be true, correct, and accurate as of the date of entry into the Agreement by such party; however, in making the foregoing assumption with regard to certain representations by each Participant in Section 7.1(b) and (c) of the Agreement we, of course, are not assuming away the conclusion of this opinion;
7. All amounts deposited under the Agreement will be invested by the Treasurer (as defined in the Agreement) only in securities and instruments expressly authorized for investment under the Act ("Eligible Investments");
8. The Agreement will be recorded with the county recorder of each county in which a Participant is located; and
9. The Agreement will be filed with the State Board of Accounts ("SBA") not later than sixty (60) days after the Agreement takes effect and that the SBA will be notified promptly after additional governmental entities become Participants.

We have made such examination of statutes and decisions and reviewed such questions of law as we consider necessary or appropriate for purposes of this opinion letter.

In view of the lack of any reported (or, to our knowledge, unreported) Indiana decision related to this matter regarding the investment of public funds pursuant to an interlocal agreement, we believe it is appropriate to qualify, and to discuss the analysis that forms the basis of, our opinion that the investment of public funds by Participants pursuant to the Agreement complies with the Act and the Interlocal Law.

A. Interlocal Cooperation Agreements Generally

Section 2(a) of the Interlocal Law states, "A power that may be exercised by an Indiana political subdivision and by one or more other governmental entities may be exercised: (1) by one or more entities on behalf of others; or (2) jointly by the entities. Entities that want to do this must, by ordinance or resolution, enter into a written agreement under Section 3 or 9 of this chapter."

Section 3 of the Interlocal Law sets forth the items and provisions that must be included in an interlocal agreement. The Agreement includes the following provisions (with references set forth in brackets) that comport with these requirements:

(a) The duration of the Agreement is perpetual and shall continue in full force and effect unless terminated [Section 9.2];

(b) The purpose of the Agreement is to exercise investment powers jointly and invest funds in concert in order to take advantage of economies of scale and perform governmental functions more efficiently [Recital No. 3];

(c) The Board (as defined in the Agreement), acting through the Treasurer, is responsible for financing, staffing and supplying the joint undertaking and for establishing and maintaining a budget therefor [Section 6.1];

(d) Any Participant may terminate its participation in the Agreement at any time; the Agreement terminates completely by an amendment adopted by a majority of the Participants; and upon termination of the Agreement, all property is to be distributed to the Participants according to the amount of funds currently invested pursuant to the Agreement [Section 9.2];

(e) The Agreement will be administered through a joint board composed of representatives of each Participant, and on which board each and every Participant is represented; specifically, the person that is empowered by Indiana law to direct the investment of the Participant's funds will be the representative of the Participant and the Board will select one representative who must be the investing officer or disbursing officer of one of the Participants, to serve as treasurer of the Board [Sections 3.1; 3.2; and 3.8]; and

(f) The Treasurer is authorized to acquire, hold and dispose of investment securities, which are the only property contemplated to be acquired, held or disposed of pursuant to the Agreement [Section 3.8].

B. Investment of Public Funds, Generally

The Act authorizes the county treasurer or the fiscal officer (as defined in Indiana Code 36-1-2-7) of any political subdivision other than a county, the State Treasurer and any other State official authorized under State law (each an "Investing Officer") to invest funds held by the

Investing Officer. The investment of funds by the Treasurer under the Agreement will be made in accordance with the provisions of the Act as follows:

- (a) The Treasurer (who is by definition an Investing Officer of one of the Participants), may invest funds only in Eligible Investments [Section 3.8(d)];
- (b) All Eligible Investments will have a stated final maturity of not more than two (2) years after the date of purchase or entry into a repurchase agreement [Exhibit E--Investment Criteria];
- (c) Eligible Investments which are repurchase agreements will comply with the provisions of the Act [Exhibit E--Investment Criteria];
- (d) If an investment is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities will be deducted from the first interest received and only the net amount is considered interest income [Section 4.5(e)];
- (e) The Treasurer may sell any securities acquired under the 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 [Section 3.8(d)];
- (f) The Treasurer is the legal custodian of all securities acquired under the Agreement [Section 3.8(e)]; and
- (g) The Treasurer will accept safekeeping receipts or other reporting for securities from the Custodian (who has covenanted that it is a duly designated depository) [Sections 2.1(c) and 7.2(a)].

C. Legality of Agreement

Further, the Agreement expressly provides that investment of public funds may only be made in the manner and to the extent prescribed in the Act [Section 4.4 and Exhibit E--Investment Criteria]. Accordingly, the Agreement provides for the investment of public funds pursuant to and in the manner set forth in the Act.

The Act expressly authorizes an Investing Officer to invest public funds in the manner prescribed in the Act. The Interlocal Law expressly authorizes a political subdivision and one (1) or more other governmental entities to exercise a power jointly. The Agreement includes the provisions required under the Interlocal Law and provides for the investment of public funds in the manner prescribed by the Act. Neither the Act nor the Interlocal Law impose any express prohibition on interlocal cooperation for purposes of investing funds held by Investing Officers. In addition, we have not located any State rules, regulations or decisions relating to an interlocal agreement such as the Agreement.

We would note that Indiana Code 36-1-3-8, which places limits on the home rule powers of Indiana units (as defined in Indiana Code 36-1-2-23), states that a unit does not have "the power to invest money, except as expressly granted by statute." The ability of a unit that is a Participant to invest public funds through the Agreement is not predicated upon the broad home rule powers of Indiana units. Rather, the Act provides express statutory authority to invest public funds, and the Interlocal Law provides express statutory authority for political subdivisions and other governmental entities to exercise powers jointly. As set forth above, the Agreement provides for the joint exercise of the power to invest public funds pursuant to and in the manner prescribed by the Act and includes the provisions required by the Interlocal Law.

Based upon and subject to the foregoing, it is our opinion that, although there is no legal authority that addresses this matter directly, a court interpreting State law should conclude that the investment of public funds by Participants pursuant to the Agreement complies with the Act and the Interlocal Law.

This opinion letter is limited to matters of State law, and we express no opinion on the effect of the laws of any other state or jurisdiction, including any other state or federal securities laws. The opinion above expresses the professional judgment of the attorneys participating in this matter as to the legal issues addressed herein. By rendering such opinion, the undersigned does not become an insurer or guarantor of that expression of professional judgment, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise in connection with the Agreement.

This opinion is rendered solely for your benefit in connection with matters described herein and, without our prior written consent, may not be relied upon by you for any other purpose or by any other person or entity for any purpose. Notwithstanding the foregoing, we understand that a copy of this opinion may be delivered by you to the Indiana Attorney General and to the Participants.

Very truly yours,