City of Chicago

F2014-34

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	4/30/2014
Sponsor(s):	Dept./Agency
Type:	Communication
Title:	City of Chicago General Obligation Revolving Line of Credit Closing Certificate
Committee(s) Assignment:	

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$200,000,000
CITY OF CHICAGO
GENERAL OBLIGATION REVOLVING LINE OF CREDIT
CLOSING CERTIFICATE

This Closing Certificate is being delivered pursuant to the authority contained in the ordinance adopted by the City Council (the "City Council") of the City of Chicago (the "City") on May, 1, 2002 (the "Initial Ordinance"), as amended by an ordinance adopted by the City Council on March 14, 2012, authorizing the City to execute and deliver one or more line of credit agreements with one or more commercial banks and other financial institutions to provide a revolving line of credit to meet the City's need for working capital or interim financing for capital projects (the "2012 Ordinance"), and as further amended by an ordinance adopted by the City Council on February 5, 2014 (the "2014 Ordinance" and collectively with the Original Ordinance and the 2012 Ordinance, the "Ordinance"). Certified copies of the Ordinance are attached hereto as Exhibit A, and the Ordinance, as modified by its terms, collectively, remains in full force and effect. Pursuant to Section 18 of the 2012 Ordinance, JPMorgan Chase Bank, National Association has been selected to serve as the bank providing a revolving line of credit to the City in the amount of $200,000,000.

The City has executed that certain Revolving Line of Credit Agreement dated as of April 25, 2014 between the City and JPMorgan Chase Bank, National Association (the "Credit Agreement") and that certain Note dated April 25, 2014 (the "Note") to evidence the $200,000,000 line of credit.

Attached hereto as Exhibits B and C are executed copies of the Credit Agreement and the Note.

I, the undersigned, RAHM EMANUEL, Mayor of the City, hereby certify that, pursuant to law and authorization vested in me, I have approved the Ordinance in the manner and capacity indicated by my signature and title appended hereto.

I, the undersigned, LOIS A. SCOTT, Chief Financial Officer of the City, hereby certify that I have executed the Credit Agreement and the Note, in the manner and capacity indicated by my signature and title appended hereto.

I, the undersigned, LOIS A. SCOTT, Chief Financial Officer of the City, hereby certify that: (i) the conditions specified in Section 5.01 of the Credit Agreement have been satisfied; (ii) (A) there exists no Default or Event of Default under the Credit Agreement, (B) all representations and warranties made by the City in the Credit Agreement are true, correct and complete as of the date hereof; (iii) to the best knowledge of the City, except as otherwise disclosed to the Bank in writing, there has been no event or circumstance since December 31, 2012 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Change (as defined in the Credit Agreement); and (iv) attached hereto as Exhibit D are copies of the most recent rating reports from Standard & Poor's ("S&P"), Moody's Investor Service ("Moody's") and Fitch Ratings ("Fitch"), concerning the City's general obligation credit, respectively. The City has not received notice from S&P, Moody's or Fitch that the current ratings have been reduced, withdrawn or suspended.

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I, the undersigned, SUSANA A MENDOZA, City Clerk of the City, do further certify that RAHM EMANUEL and LOIS A. SCOTT are, respectively, the duly authorized Mayor and Chief Financial Officer of the City, and that the signatures of said RAHM EMANUEL and LOIS A. SCOTT as they appear below are in all respects the true and genuine signatures of the officers of the City authorized to approve the Ordinance, and to execute the Credit Agreement and the Note, respectively.

I, the undersigned SUSANA A. MENDOZA, City Clerk of the City, direct a copy of this filing to the City Council.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and have caused to be affixed hereto the Corporate Seal of the City this 25th day of April, 2014.

SIGNATURES	OFFICIAL TITLE
[redacted]	Mayor, City of Chicago
	Chief Financial Officer, City of Chicago
	City Clerk, City of Chicago

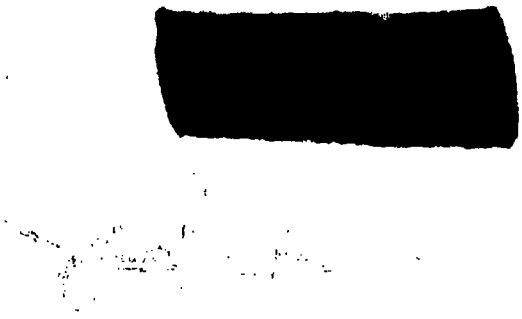
[SEAL]

Respectfully submitted this 25th day of April, 2014.

CITY OF CHICAGO

[redacted]

Chief Financial Officer



ACKNOWLEDGMENT OF FILING

The Closing Certificate of the City for its $200,000,000 Revolving Line of Credit Program including all exhibits thereto was filed in the Office of the City Clerk of the City of Chicago, this 25th day of April, 2014.

[redacted]

Susana A. Mendoza
City Clerk

[SEAL]

EXHIBIT A

THE ORDINANCE

SUSANA A. MENDOZA
CITY CLERK'S OFFICE-CITY OF CHICAGO

STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, SUSANA A. MENDOZA, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office Authorizing for Issuance of Commercial Paper Notes, Series A and B.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on the first (1st) day of May, 2002.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit:

Yeas 47 Nays 0

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor failed to return the said ordinance to the said City Council with his written objections thereto at the next regular meeting of the said City Council occurring not less than five (5) days after the passage of the said ordinance.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this twentieth (20th) day of February, 2014.

[T.P.]

Susana A. Mendoza

SUSANA A. MENDOZA, City Clerk

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City") is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois (the "Constitution") having a population in excess of twenty-five thousand (25,000) and is a home rule unit of local government under Section 6(a) of Article VII of the Constitution; and

WHEREAS, The City proposes to establish a Commercial Paper Program (the "C.P. Program") an Auction Rate Securities Program (the "Auction Rate Program") a Variable Rate Securities Program (the "Variable Rate Program") and a Line of Credit Program (the "Line of Credit Program") for the City to provide interim financing for capital projects of the City and for the short-term financing of the working capital needs of the City (the "Borrowing Plan"); and

WHEREAS, There have been prepared and presented to this meeting forms of the following documents:

(1) Commercial Paper Trust Indenture (the "C.P. Indenture") between the City and a bank or trust company to be designated as provided herein (the "C.P. Trustee") (Exhibit A); and

(2) Commercial Paper Dealer Agreement (the "C.P. Dealer Agreement") between the City and a commercial paper dealer designated as provided herein (the "Dealer") (Exhibit B); and

(3) Issuing and Paying Agent Agreement (the "C.P. Paying Agent Agreement") between the City and an issuing and paying agent designated as provided herein (Exhibit C); and

(4) Auction Rate Securities Trust Indenture (the "Auction Rate Indenture") between the City and a bank or trust company to be designated as provided herein (the "Auction Rate Trustee") (Exhibit D); and

(5) Auction Agreement (the "Auction Agreement") between the City and an auction agent designated as provided herein (the "Auction Agent") (Exhibit E); and

(6) Variable Rate Securities Trust Indenture (the "Variable Rate Indenture") between the City and a bank or trust company to be designated as provided herein (the "Variable Rate Trustee") (Exhibit F); and

WHEREAS, It is necessary and advisable to implement the Borrowing Plan; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Findings And Determinations. The City hereby finds and determines as follows:

(a) that from time to time interim financing of capital projects is needed prior to the issuance of long-term bonds;

(b) that from time to time working capital needs of the City require the short-term borrowing of funds;

(c) that the City's ability to borrow pursuant to the Borrowing Plan as herein provided without further action by this City Council for such purposes will enhance the City's opportunities to obtain financing upon the most favorable terms available; and

(d) that the delegations of authority that are contained herein are necessary and desirable because this City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority.

Thus, authority is granted to the Chief Financial Officer of the City appointed by the Mayor or, if there is no such officer then holding such office, the City Comptroller (the "Chief Financial Officer") to implement the Borrowing Plan for the purposes set forth herein, and from time to time to cause to be issued Commercial Paper Notes (the "C.P. Notes") pursuant to the C.P. Program, Auction Rate Bonds or Notes (the "Auction Rate Securities") pursuant to the Auction Rate Program, Line of Credit Notes (the "Line of Credit Notes") pursuant to the Line of Credit Program and Variable Rate Demand Bonds or Notes (the "Variable Rate Securities") pursuant to the Variable Rate Program, as and to the extent determined to be desirable and in the best financial interest of the City.

The C.P. Notes, the Line of Credit Notes, the Auction Rate Securities and the Variable Rate Securities are herein sometimes collectively called the "Authorized Debt" and the C.P. Indenture, the Auction Rate Indenture and the Variable Rate Indenture (each an "Indenture") are herein sometimes collectively called the "Indentures".

SECTION 2. Purposes. The Borrowing Plan authorizes the issuance of one (1) or more series of Authorized Debt for any of the following purposes (or combination thereof): (a) the payment, or the reimbursement of the City for the payment, of the cost of all or any portion of any capital project heretofore or hereafter approved by this City Council; (b) cash flow needs of the City; (c) the deposit of monies into funds and accounts as are provided for in an Indenture; and (d) the payment of costs of issuance incurred in connection with each series of Authorized Debt. The proceeds of the issuance of each series of Authorized Debt shall be applied for the purposes set forth above in the manner and in the amounts specified in a certificate of the Chief Financial Officer delivered in connection with such issuance pursuant to the applicable Indenture securing such series or, in the case of the Line of Credit Program, each request for funds under each line of credit agreement (as defined in Section 18 of this ordinance) entered into by the City pursuant to this ordinance.

In order to facilitate the sale of the Authorized Debt, the Chief Financial Officer is authorized to purchase or obtain from commercial banks or other financial institutions one (1) or more letters of credit, lines of credit, bond insurance policies, standby bond purchase agreements or similar credit enhancement and liquidity facilities (each a "Credit Facility").

In connection with the Borrowing Plan and the use of the proceeds of the Authorized Debt, the Chief Financial Officer is authorized to establish one (1) or more funds, accounts, sub-funds and sub-accounts of the City, one (1) or more of which may be held in trust with a trustee pursuant to an Indenture.

SECTION 3. Maximum Amount And Term. Without further authorization of this City Council, the maximum aggregate principal amount of all Authorized Debt outstanding under this ordinance at any time shall not exceed Two Hundred Million Dollars ($200,000,000) (exclusive of unpaid interest and fees). All Authorized Debt

shall mature on or prior to January 1, 2017.

SECTION 4. Limited Tax General Obligations. The obligation of the City to make payments on the Authorized Debt (principal, interest and redemption premium, if any, as appropriate) is a direct and general obligation of the City payable from any funds legally available for such purpose. The City covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all payments of the Authorized Debt as described in the Indentures and each Line of Credit Agreement; provided, however, that in no event shall the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to pay such principal, interest or redemption premium.

SECTION 5. The C.P. Program. (a) The C.P. Notes are hereby authorized to be issued from time to time. The C.P. Notes shall be designated "Commercial Paper Notes" and may be issued in one (1) or more series. Each C.P. Note shall mature not later than two hundred seventy (270) days after its date of issuance, and shall bear interest from its date at a rate or rates not in excess of the lesser of (i) eighteen percent (18%) per annum, computed in the manner set forth in the C.P. Indenture, or (ii) during such period as such C.P. Note is secured by a Credit Facility (a "C.P. Credit Facility"), the maximum interest rate provided for under such C.P. Credit Facility. The C.P. Notes may be issued as notes the interest on which is not includable in gross income for federal income tax purposes or, if so determined by the Chief Financial Officer at the time of the sale thereof, as notes the interest on which is includable in gross income for federal income tax purposes.

(b) The C.P. Notes shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City, and shall be attested with the manual or facsimile signature of the City Clerk of the City, and shall have impressed or imprinted thereon the official seal of the City (or a facsimile thereof). In case any officer of the City whose signature or whose facsimile signature shall appear on the C.P. Notes shall cease to be such officer before the delivery of such C.P. Notes, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery.

(c) Subject to the limitations contained in this ordinance, authority is hereby delegated to the Mayor or the Chief Financial Officer to determine the aggregate principal amount of C.P. Notes to be issued, the date or dates thereof, the maturities thereof, the rate or rates of interest payable thereon or the method for determining such rate or rates, and to sell the C.P. Notes to or with the assistance of one (1) or more Dealers to be designated by the Chief Financial Officer, pursuant to one (1) or more C.P. Dealer Agreements.

(d) To evidence the exercise of the authority delegated to the Mayor or the Chief Financial Officer by this ordinance, the Mayor or the Chief Financial Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection

with the initial sale of C.P. Notes a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such certificate, the Mayor or the Chief Financial Officer shall also file with the City Clerk one (1) copy of the C.P. Indenture. The City Clerk shall direct a copy of such filing to this City Council.

SECTION 6. Form Of C.P. Indenture. The form of C.P. Indenture presented to this meeting and attached hereto as Exhibit A is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more C.P. Indentures in substantially the form of the C.P. Indenture presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate a bank or trust company to serve as Trustee under the C.P. Indenture.

SECTION 7. Form Of C.P. Dealer Agreement. The form of C.P. Dealer Agreement presented to this meeting and attached hereto as Exhibit B is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more C.P. Dealer Agreements in substantially the form of the C.P. Dealer Agreement presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate one (1) or more banks or investment banking firms to serve as "Dealer" under a C.P. Dealer Agreement.

SECTION 8. Form Of C.P. Paying Agent Agreement. The form of C.P. Paying Agent Agreement presented to this meeting and attached hereto as Exhibit C is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more C.P. Paying Agent Agreements in substantially the form of the C.P. Paying Agent Agreement presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate the C.P. Paying Agent with respect to each series of C.P. Notes.

SECTION 9. C.P. Reimbursement Agreements. The Mayor or the Chief

Financial Officer is hereby authorized to execute and deliver one (1) or more reimbursement agreements (each, a "C.P. Reimbursement Agreement") in substantially the form of reimbursement agreements executed and delivered by the City in connection with previous variable rate financings, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. Such revisions in text may include (a) provisions permitting the stated amount of a C.P. Credit Facility to be increased and decreased from time to time to support the C.P. Notes then outstanding; and (b) such other provisions as may be necessary or desirable to implement the C.P. Program as herein contemplated. The Mayor or the Chief Financial Officer is hereby further authorized to execute and deliver a promissory note pursuant to each C.P. Reimbursement Agreement (a "C.P. Reimbursement Note") to the extent required thereby, in substantially the form used to support reimbursement agreements in previous variable rate financings for the City, with appropriate revisions to reflect the terms and provisions of the related C.P. Reimbursement Agreement, and the City Clerk is hereby authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any changes or revisions therein. The interest rate payable on any such C.P. Reimbursement Note shall not exceed eighteen percent (18%) per annum (including the recovery by the financial institution providing the related C.P. Credit Facility of any amounts otherwise not payable to such financial institution solely as a result of the interest rate limit set forth in the related C.P. Reimbursement Note, any interest to be so recovered to be determined at an interest rate not to exceed twenty-five percent (25%) per annum), and the maturity of any obligation thereunder shall not be greater than ten (10) years from the date of the related advance (subject to extension and renewal as therein provided). The maximum annual fee payable to any financial institution under a C.P. Reimbursement Agreement shall not exceed two percent (2%) of the stated amount of the related C.P. Credit Facility (and any unused capacity thereunder).

The obligations of the City under each C.P. Reimbursement Agreement and under each C.P. Reimbursement Note shall constitute direct and general obligations of the City and may be payable from any funds legally available for such purpose. The City hereby covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all payments due under any C.P. Reimbursement Agreement and under each C.P. Reimbursement Note; provided however, that in no event shall the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem tax or other tax unlimited as to rate or amount to pay any amount due under any C.P Reimbursement Agreement or the principal of, redemption premium on, or interest on any C.P. Reimbursement Note.

The Chief Financial Officer is hereby authorized to designate one (1) or more financial institutions to provide a C.P. Credit Facility with respect to each series of C.P. Notes. Nothing contained herein shall limit or restrict the Chief Financial Officer's ability (i) to appoint separate financial institutions to issue separate C.P. Credit Facilities; (ii) to appoint more than one (1) financial institution to issue a single C.P. Credit Facility; or (iii) to replace or extend any C.P. Credit Facility.

SECTION 10. The Auction Rate Program. (a) The Auction Rate Securities are hereby authorized to be issued from time to time. The Auction Rate Securities shall be designated "Auction Rate Bonds" or "Auction Rate Notes", may be issued in one (1) or more series and may bear an additional designation to identify each series. Each Auction Rate Security shall bear interest from its date at a rate or rates not in excess of the lesser of (i) eighteen percent (18%) per annum, computed in the manner set forth in the Auction Rate Indenture, or (ii) during such period as such Auction Rate Security is secured by a Credit Facility (an "Auction Rate Credit Facility"), the maximum interest rate provided for under such Auction Rate Credit Facility. The Auction Rate Securities may be issued as bonds or notes the interest on which is not includable in gross income for federal income tax purposes or, if so determined by the Chief Financial Officer at the time of the sale thereof, as bonds or notes the interest on which is includable in gross income for federal income tax purposes.

(b) The Auction Rate Securities shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City, and shall be attested with the manual or facsimile signature of the City Clerk of the City, and shall have impressed or imprinted thereon the official seal of the City (or a facsimile thereof). In case any officer of the City whose signature or whose facsimile signature shall appear on the Auction Rate Securities shall cease to be such officer before the delivery of such Auction Rate Securities, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery.

(c) Subject to the limitations contained in this ordinance, authority is hereby delegated to the Mayor or the Chief Financial Officer to sell the Auction Rate Securities to one (1) or more underwriters to be designated by the Chief Financial Officer, pursuant to one (1) or more contracts of purchase with respect to the Auction Rate Securities between the City and such underwriters; provided that the aggregate purchase price of any series of Auction Rate Securities shall not be less than ninety-eight percent (98%) of the principal amount thereof to be issued (less any original issue discount which may be used in the marketing thereof) plus any accrued interest thereon from their date to the date of delivery thereof and payment therefor.

(d) The Mayor or the Chief Financial Officer, with the concurrence of the Chairman of the Committee on Finance of the City Council, is hereby authorized and directed to execute and deliver one (1) or more contracts of purchase for

Auction Rate Securities in substantially the form of the contracts of purchase used in connection with the previous sales of variable rate debt by the City, together with such changes and revisions consistent with the purposes and intent of this ordinance as shall be approved by the Mayor or the Chief Financial Officer, as the case may be, subject to the limitations contained in this ordinance, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of such changes and modifications.

(e) To evidence the exercise of the authority delegated to the Mayor or the Chief Financial Officer by this ordinance, the Mayor or the Chief Financial Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection with the initial auction of Auction Rate Securities a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such certificate, the Mayor or the Chief Financial Officer shall also file with the City Clerk one (1) copy of the Auction Rate Indenture. The City Clerk shall direct a copy of such filing to this City Council.

SECTION 11. Form Of Auction Rate Indenture. The form of Auction Rate Indenture presented to this meeting and attached hereto as Exhibit D is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more Auction Rate Indentures in substantially the form of the Auction Rate Indenture presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate a bank or trust company to serve as Trustee under the Auction Rate Indenture.

SECTION 12. Form Of Auction Agreement. The form of Auction Agreement presented to this meeting and attached hereto as Exhibit E is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more Auction Agreements in substantially the form of the Auction Agreement presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate one (1) or more banks or investment banking firms to serve as "Auction Agent" under an Auction Agreement.

SECTION 13. Auction Rate Reimbursement Agreements. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more

reimbursement agreements (each, an "Auction Rate Reimbursement Agreement") in substantially the form of reimbursement agreements executed and delivered by the City in connection with previous variable rate financings, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. Such revisions in text may include (a) provisions permitting the stated amount of an Auction Rate Credit Facility to be increased and decreased from time to time to support the Auction Rate Securities then outstanding; and (b) such other provisions as may be necessary or desirable to implement the Auction Rate Program as herein contemplated. The Mayor or the Chief Financial Officer is hereby further authorized to execute and deliver a promissory note pursuant to each Auction Rate Reimbursement Agreement (an "Auction Rate Reimbursement Note"), to the extent required thereby, in substantially the form used to support reimbursement agreements in previous variable rate financings for the City, with appropriate revisions to reflect the terms and provisions of the related Auction Rate Reimbursement Agreement, and the City Clerk is hereby authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any changes or revisions therein. The interest rate payable on any such Auction Rate Reimbursement Note shall not exceed eighteen percent (18%) per annum (including the recovery by the financial institution providing the related Auction Rate Credit Facility of any amounts otherwise not payable to such financial institution solely as a result of the interest rate limit set forth in the related Auction Rate Reimbursement Note, any interest to be so recovered to be determined at an interest rate not to exceed twenty-five percent (25%) per annum), and the maturity of any obligation thereunder shall not be greater than ten (10) years from the date of the related advance (subject to extension and renewal as therein provided). The maximum annual fee payable to any financial institution under an Auction Rate Reimbursement Agreement shall not exceed two percent (2%) of the stated amount of the related Auction Rate Credit Facility (and any unused capacity thereunder).

The obligations of the City under each Auction Rate Reimbursement Agreement and under each Auction Rate Reimbursement Note shall constitute direct and general obligations of the City and may be payable from any funds legally available for such purpose. The City hereby covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all payments due under any Auction Rate Reimbursement Agreement and under each Auction Rate Reimbursement Note; provided however, that in no event

shall the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem tax or other tax unlimited as to rate or amount to pay any amount due under any Auction Rate Reimbursement Agreement or the principal of, redemption premium on, or interest on any Auction Rate Reimbursement Note.

The Chief Financial Officer is hereby authorized to designate one (1) or more financial institutions to provide an Auction Rate Credit Facility with respect to each series of Auction Rate Securities. Nothing contained herein shall limit or restrict the Chief Financial Officer's ability (i) to appoint separate financial institutions to issue separate Auction Rate Credit Facilities; (ii) to appoint more than one (1) financial institution to issue a single Auction Rate Credit Facility; or (iii) to replace or extend any Auction Rate Credit Facility.

SECTION 14. The Variable Rate Program. (a) The Variable Rate Securities are hereby authorized to be issued from time to time. The Variable Rate Securities shall be designated "Variable Rate Bonds" or "Variable Rate Notes" may be issued in one (1) or more series and may bear an additional designation to identify each series. Each Variable Rate Security shall bear interest from its date at a rate or rates not in excess of the lesser of (i) eighteen percent (18%) per annum, computed in the manner set forth in the Variable Rate Indenture, or (ii) during any period as such Variable Rate Security is secured by a Credit Facility (a "Variable Rate Credit Facility"), the maximum interest rate provided for under such Variable Rate Credit Facility. At any time, the Chief Financial Officer may determine that a Variable Rate Security shall bear interest at a fixed rate to its maturity. The Variable Rate Securities may be issued as bonds or notes the interest on which is not includable in gross income for federal income tax purposes or, if so determined by the Chief Financial Officer at the time of the sale thereof, as bonds or notes the interest on which is includable in gross income for federal income tax purposes.

(b) The Variable Rate Securities shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City, and shall be attested with the manual or facsimile signature of the City Clerk of the City, and shall have impressed or imprinted thereon the official seal of the City (or a facsimile thereof). In case any officer of the City whose signature or whose facsimile signature shall appear on the Variable Rate Securities shall cease to be such officer before the delivery of such Variable Rate Securities, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery.

(c) Subject to the limitations contained in this ordinance, authority is hereby delegated to the Mayor or the Chief Financial Officer to sell the Variable Rate Securities to one (1) or more underwriters to be designated by the Chief Financial Officer, pursuant to one (1) or more contracts of purchase with respect to the Variable Rate Securities between the City and such underwriters; provided that the aggregate purchase price of any series of Variable Rate Securities shall not be less than ninety-eight percent (98%) of the principal amount thereof to be issued (less any original issue discount which may be used in the marketing thereof) plus any accrued interest thereon from their date to the date of delivery thereof and payment therefor.

(d) The Mayor or the Chief Financial Officer, with the concurrence of the Chairman of the Committee on Finance of this City Council, is hereby authorized and directed to execute and deliver one (1) or more contracts of purchase for Variable Rate Securities in substantially the form of the contracts of purchase used in connection with the previous sales of Variable Rate Securities by the City, together with such changes and revisions consistent with the purposes and intent of this ordinance as shall be approved by the Mayor or the Chief Financial Officer, as the case may be, subject to the limitations contained in this ordinance, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of such changes and modifications.

(e) To evidence the exercise of the authority delegated to the Mayor or the Chief Financial Officer by this ordinance, the Mayor or the Chief Financial Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection with each sale of Variable Rate Securities a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such certificate, the Mayor or the Chief Financial Officer shall also file with the City Clerk one (1) copy of the Variable Rate Indenture. The City Clerk shall direct a copy of such filing to this City Council.

SECTION 15. Form Of Variable Rate Indenture. The form of Variable Rate Indenture presented to this meeting and attached hereto as Exhibit F is hereby approved in all respects. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more Variable Rate Indentures in substantially the form of the Variable Rate Indenture presented to this meeting, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the

execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. The Chief Financial Officer is hereby authorized to designate a bank or trust company to serve as Trustee under the Variable Rate Indenture.

SECTION 16. Variable Rate Reimbursement Agreements. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more reimbursement agreements (each, a "Variable Rate Reimbursement Agreement") in substantially the form of reimbursement agreements executed and delivered by the City in connection with previous variable rate financings, with appropriate revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all such changes or revisions. Such revisions in text may include (a) provisions permitting the stated amount of a Variable Rate Credit Facility to be increased and decreased from time to time to support the Variable Rate Securities then outstanding; and (b) such other provisions as may be necessary or desirable to implement the Variable Rate Program as herein contemplated. The Mayor or the Chief Financial Officer is hereby further authorized to execute and deliver a promissory note pursuant to each Variable Rate Reimbursement Agreement (a "Variable Rate Reimbursement Note"), to the extent required thereby, in substantially the form used to support reimbursement agreements in previous variable rate financings for the City, with appropriate revisions to reflect the terms and provisions of the related Variable Rate Reimbursement Agreement, and the City Clerk is hereby authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any changes or revisions therein. The interest rate payable on any such Variable Rate Reimbursement Note shall not exceed eighteen percent (18%) per annum (including the recovery by the financial institution providing the related Variable Rate Credit Facility of any amounts otherwise not payable to such financial institution solely as a result of the interest rate limit set forth in the related Variable Rate Reimbursement Note, any interest to be so recovered to be determined at an interest rate not to exceed twenty-five percent (25%) per annum, and the maturity of any obligation thereunder shall not be greater than ten (10) years from the date of the related advance (subject to extension and renewal as therein provided). The maximum annual fee payable to any financial institution under a Variable Rate Reimbursement Agreement shall not exceed two percent (2%) of the stated amount of the related Variable Rate Credit Facility (and any unused capacity thereunder).

The obligations of the City under each Variable Rate Reimbursement Agreement and under each Variable Rate Reimbursement Note shall constitute direct and general obligations of the City and may be payable from any funds legally available and annually appropriated for such purpose. The City hereby covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all payments due under any Variable Rate Reimbursement Agreement and under each Variable Rate Reimbursement Note; provided however, that in no event shall the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem tax or other tax unlimited as to rate or amount to pay any amount due under any Variable Rate Reimbursement Agreement or the principal of, redemption premium on, or interest on any Variable Rate Reimbursement Note.

The Chief Financial Officer is hereby authorized to designate one (1) or more financial institutions to provide a Variable Rate Credit Facility with respect to each series of Variable Rate Securities. Nothing contained herein shall limit or restrict the Chief Financial Officer's ability (i) to appoint separate financial institutions to issue separate Variable Rate Credit Facilities; (ii) to appoint more than one (1) financial institution to issue a single Variable Rate Credit Facility; or (iii) to replace or extend any Variable Rate Credit Facility.

SECTION 17. Remarketing Agreements. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more remarketing agreements (each a "Remarketing Agreement") relating to Auction Rate Securities and Variable Rate Securities in substantially the form previously used for variable rate financings of the City with such appropriate revisions in text as the Chief Financial Officer shall determine as necessary and desirable, and the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof. The Mayor or the Chief Financial Officer is hereby delegated the authority to appoint a Remarketing Agent with respect to each series of Auction Rate Securities and each series of Variable Rate Securities in the manner provided in the related Indenture.

SECTION 18. The Line Of Credit Program. (a) The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver one (1) or more line of credit agreements (each, a "Line of Credit Agreement") with commercial banks and other financial institutions and in the form customarily used to provide borrowers with a revolving line of credit to meet their need for working capital and with such terms and provisions as the Chief Financial Officer shall determine to be in the best interest of the City. The City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of each such Line of Credit Agreement.

(b) To evidence borrowings under each Line of Credit Agreement, the City is authorized to issue from time to time one (1) or more Line of Credit Notes, each to be designated "Line of Credit Note". Each Line of Credit Note shall bear interest from its date at a rate or rates not in excess of eighteen percent (18%) per annum. The Line of Credit Notes may be issued as notes the interest on which is not includable in gross income for federal income tax purposes or, if so determined by the Chief Financial Officer at the time of issuance of the Line of Credit Notes, as notes the interest on which is includable in gross income for federal income tax purposes.

(c) The Line of Credit Notes shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City, and shall be attested with the manual or facsimile signature of the City Clerk, and shall have impressed or imprinted thereon the official seal of the City (or a facsimile thereof). In case any officer of the City whose signature or facsimile signature shall appear on the Line of Credit Notes shall cease to be such officer before the delivery of such Line of Credit Notes, such signature or facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery.

(d) To evidence the exercise of the authority delegated to the Mayor or the Chief Financial Officer by this ordinance, the Mayor or the Chief Financial Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection with the initial borrowing under any Line of Credit Agreement, a copy of such Line of Credit Agreement and a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such Line of Credit Agreement and such certificate, the City Clerk shall direct a copy of such filing to the City Council.

SECTION 19. Continuing Appropriation. This ordinance constitutes a continuing appropriation from legally available funds of the City of the monies that may be required from time to time to provide for the punctual payment of (i) the principal of, interest on and any redemption premium on, the Authorized Debt, (ii) the principal of, interest on and redemption premium on, any C.P. Reimbursement Note, any Auction Rate Reimbursement Note and any Variable Rate Reimbursement Note, and (iii) the program expenses of the Borrowing Plan. Such continuing appropriation shall be and remain in full force and effect without any further action by the City Council. Nothing contained in this ordinance shall obligate the City to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to fund the continuing appropriation provided for in this section.

SECTION 20. Offering Documents. The Chief Financial Officer is hereby authorized to cause to be prepared one (1) or more offering documents (each an "Offering Document") describing each issue of C.P. Notes, Auction Rate Securities or Variable Rate Securities. Each Offering Document shall be in customary form for the applicable Program. The distribution of each such Offering Document to prospective purchasers and the use thereof by the Dealer in connection with the offering of the C.P. Notes and by the underwriters in connection with the offering of the Auction Rate Securities and the Variable Rate Securities is hereby authorized and approved.

SECTION 21. Tax Compliance Agreement. The Mayor or the Chief Financial Officer is hereby authorized to execute and deliver from time to time one (1) or more Tax Compliance Agreements in such form as is customary for similar transactions as determined by bond counsel, and the City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof.

SECTION 22. Forward Supply Contracts. If the Chief Financial Officer determines it to be in the best financial interest of the City, the Chief Financial Officer is authorized to execute and deliver from time to time in the name and on behalf of the City one (1) or more forward supply contracts with one (1) or more counterparties selected by the Chief Financial Officer under which contracts such counterparties agree to sell to the City, and the City agrees to purchase from such counterparties, specified securities on specified dates at purchase prices established at the time of the execution and delivery of the applicable contract. The sources of funds to purchase such securities shall be amounts on hand and available in the funds and accounts created and established under an Indenture or a Line of Credit Agreement. Under no circumstances shall any amounts payable by the City under, or with respect to, any such contract constitute an indebtedness of the City for which its full faith and credit is pledged, but such amounts shall be payable solely from legally available funds of the City.

SECTION 23. Interest Rate Swap And Cap Agreements. If determined by the Chief Financial Officer to be in the best financial interest of the City, the Chief Financial Officer is authorized to execute and deliver from time to time in the name and on behalf of the City one (1) or more agreements or options to enter into agreements with counterparties selected by the Chief Financial Officer, the purpose of which is to manage the City's interest rate exposure with respect to any Authorized Debt or a particular series of Authorized Debt; provided, however, that (a) the stated aggregate notional amount under all such agreements (net of offsetting transactions) at any one (1) time shall not exceed the aggregate principal amount of such Authorized Debt at the time outstanding, (b) any such agreement to the extent practicable shall be in substantially the form of either the Local Currency -- Single Jurisdiction version or the Multicurrency -- Cross Border version of the 1992 I.S.D.A. Master Agreement accompanied by the *United States Municipal Counterparty Schedule* published by the International Swaps and

Derivatives Association, Inc. ("I.S.D.A.") or any successor form to either published by the I.S.D.A., and in appropriate confirmations of transactions governed by that agreement, with such insertions, completions and modifications thereof as shall be approved by the Chief Financial Officer, his or her execution thereof to constitute conclusive evidence of this City Council's approval of such insertions, completions and modifications, and (c) under no circumstances shall any amounts payable by the City under, or with respect to, any such agreement constitute an indebtedness of the City for which its full faith and credit is pledged, but such amounts shall be payable solely from legally available funds of the City.

SECTION 24. Performance Provisions. The Mayor, the Chief Financial Officer and the City Clerk for and on behalf of the City shall be, and each of them hereby is, authorized and directed to do any and all things necessary to effect the performance of all obligations of the City, or to exercise any rights of the City, under and pursuant to this ordinance, any Indenture, any Line of Credit Agreement, any C.P. Dealer Agreement, any C.P. Paying Agent Agreement, any C.P. Reimbursement Agreement, any Auction Rate Reimbursement Agreement, any Variable Rate Reimbursement Agreement and any Remarketing Agreement, and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this ordinance and any Indenture, including, but not limited to, the exercise following the delivery date of any Authorized Debt of any power or authority delegated to such official of the City under this ordinance with respect to the Authorized Debt upon the initial delivery or issuance thereof, but subject to any limitations on or restrictions of such power or authority as herein set forth. The Mayor, the Chief Financial Officer, the City Clerk and other officers, agents and employees of the City are hereby further authorized, empowered and directed, for and on behalf of the City, to execute and deliver all papers, documents, certificates and other instruments that may be required to carry out the authority conferred by this ordinance and any Indenture, or to evidence said authority.

SECTION 25. Proxies. The Mayor and the Chief Financial Officer may each designate another to act as their respective proxy and to affix their respective signatures to, in the case of the Mayor, each Authorized Debt, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Chief Financial Officer pursuant to this ordinance, any Line of Credit Agreement and any Indenture. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Chief Financial Officer, respectively. A written signature of

the Mayor or the Chief Financial Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the *Journal of the Proceedings of the City Council* and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Chief Financial Officer is so affixed to an instrument, certificate or document at the direction of the Chief Financial Officer, the same, in all respects, shall be as binding on the City as if signed by the Chief Financial Officer in person.

SECTION 26. Severability. It is the intention of this City Council that, if any section, paragraph, clause or provision of this ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

SECTION 27. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict. No provision of the Municipal Code of Chicago (the "Municipal Code") or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this ordinance, or to impair the security for or payment of the instruments authorized by this ordinance; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

SECTION 28. Effective Date. This ordinance shall take effect immediately upon its passage and approval.

SECTION 29. Reporting Requirement. The Chief Financial Officer shall report to the City Council with respect to the expenditure of the proceeds of any Authorized Debt issued hereunder. Such reports shall be made no later than April 1 and October 1 of each year, commencing October 1, 2002, with respect to expenditures made during the six (6) month period ending on September 1. April 1 reports shall cover expenditures made during the six (6) month period ending on March 1.

Exhibits "A", "B", "C", "D", "E" and "F" referred to in this ordinance read as follows:

Exhibit "A".
(To Ordinance)

Trust Indenture

Between

City Of Chicago

And

_____

As Trustee

Dated As Of _____ 1, 2002

Relating To
City Of Chicago
Commercial Paper Notes
2002 Program

Series A (Tax Exempt) And Series B (Taxable).

THIS TRUST INDENTURE, dated as of _____ 1, 2002 (this "Indenture"), is by and between the City of Chicago (the "City"), a municipality and a home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois, and _____ (the "Trustee"), a _____ duly organized, validly existing and authorized to accept the duties and obligations set out by virtue of the laws of the _____ and having a corporate trust office located in the City of Chicago, Illinois, as trustee,

WITNESSETH:

WHEREAS, the City is a home rule unit of local government, duly organized and existing under the laws of the State of Illinois, and in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, the City has previously authorized the issuance of an amount outstanding at any one time of not to exceed $200,000,000 (the "Authorized Amount") of City of Chicago Commercial Paper Notes pursuant to the "CP Note Ordinance" (as hereinafter defined); and

WHEREAS, the City wishes to provide in this Indenture for the issuance from time to time, in an aggregate amount outstanding at any one time not exceeding the Authorized Amount, of its Commercial Paper Notes, as authorized by the CP Note Ordinance, designated as "City of Chicago, Commercial Paper Notes, 2002 Program Series A (Tax Exempt)", and "City of Chicago, Commercial Paper Notes, 2002 Program Series B (Taxable)"; and

WHEREAS, the City wishes to provide in this Indenture that such Commercial Paper Notes (as hereinafter defined) be issued as direct and general obligations of the City payable from any funds of the City legally available and annually appropriated for such purpose and the Trustee is willing to accept the trusts provided in this Indenture;

NOW, THEREFORE, the City and the Trustee agree as follows each for the benefit of the other and/or the benefit of holders of the Commercial Paper Notes secured by this Indenture:

ARTICLE I.

Definitions; General Authorization; Ratification.

Section 1.01. Definitions. The following definitions shall, for all purposes of this Indenture and supplemental hereto, have the meanings herein specified unless the context clearly requires otherwise:

"Advances" means payments made by the Bank as a result of draws made on the Letter of Credit to pay principal of and/or interest on Commercial Paper Notes.

"Authenticating Agent" means, with respect to any Series, each person or entity, if any, designated by the City herein or in any Supplemental Indenture to manually sign the certificate of authentication on the Commercial Paper Notes, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant hereto. Initially, the Authenticating Agent shall be the Issuing and Paying Agent.

"Authorized Amount" means $200,000,000; provided that such amount may be issued in one or more Series; and provided, further, that the aggregate amount outstanding under this Indenture at any one time among all Series may not exceed such amount reduced by the outstanding principal amount of "Auction Rate Securities" and "Variable Rate Securities" issued pursuant to the CP Note Ordinance.

"Authorized City Representative" means the Chief Financial Officer of the City or such other officer or employee of the City or other person, which other officer, employee or person has been designated by the City as an Authorized City Representative by written notice delivered by the Chief Financial Officer to the Trustee and the Issuing and Paying Agent.

"Available Moneys" means moneys which are continuously on deposit with the Trustee or the Issuing and Paying Agent in trust for the benefit of the holders of the Commercial Paper Notes in a separate and segregated account in which only Available Moneys are held, which moneys constitute proceeds of (i) the Commercial Paper Notes received contemporaneously with the initial issuance and sale of the Commercial Paper Notes, (ii) a drawing under the Letter of Credit or payments otherwise made under a substitute Letter of Credit, (iii) refunding obligations or other funds for which the Trustee has received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to an Authorized City Representative and the Rating Agencies to the effect that payment of such moneys to the holders of the Commercial Paper Notes would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code if the City were to become a debtor under the United States Bankruptcy Code, or (iv) the investment of funds qualifying as Available Moneys under the foregoing clauses.

"Bank" means the issuer of the Letter of Credit then outstanding and effective hereunder. Initially, the Bank shall be _____.

"Bank Note" means a note or notes issued by the City pursuant to Section 5.01 hereof and evidencing all or any portion of any unreimbursed Advances made by the Bank and designated as "City of Chicago Bank Notes (2002 Commercial Paper Program) (insert name of Bank)."

"Bank Note Account" means the Bank Note Debt Service Account established pursuant to Section 4.01(b)(3) hereof.

"Bank Note Payment Date" means a date on which principal of or interest on a Bank Note is due and payable, including both scheduled principal and interest and principal and interest payable upon prepayment of a Bank Note.

"Bank Obligations" means obligations payable to the Bank under the Reimbursement Agreement.

"Bank Rate" shall have the meaning assigned to such term in the Reimbursement Agreement pursuant to which a Bank Note is delivered by the City to the Bank.

"Bond Counsel" means an attorney or firm or firms of attorneys of national recognition selected or employed by the City with knowledge and experience in the field of municipal finance.

"Business Day" means any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York, Chicago, Illinois, or the city in which is located the office of the Bank at which demands for a draw on the Letter of Credit will be made, are authorized or required by law to close, or (ii) a day on which the New York Stock Exchange is closed.

"City" means the City of Chicago, a municipality and a home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois.

"Closing Date" means the date on which the Letter of Credit is issued by the Bank.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable United States Treasury Regulations proposed or in effect with respect thereto.

"Commercial Paper Bank Payment Account" or "Bank Payment Account" means the account by that name established pursuant to Section 4.01(b)(2) hereof.

"Commercial Paper Debt Service Account" or "Debt Service Account" means the account by that name established pursuant to Section 4.01(b)(1) hereof.

"Commercial Paper Notes" or "Notes" means notes of the City with a maturity of not more than 270 days from the date of issuance, and which are authorized to be issued and reissued from time to time under Article II of this Indenture (in the case of the Series A Notes and the Series B Notes).

"Costs of Issuance" means all reasonable costs incurred by the City in connection with the issuance of a Series, including, but not limited to:

(a) counsel fees related to the issuance of such Series (including, but not limited to, bond counsel and the Trustee's counsel);

(b) financial advisor fees incurred in connection with the issuance of such Series;

(c) rating agency fees;

(d) the initial fees and expenses of the Trustee and the Issuing and Paying Agent;

(e) accountant fees related to the issuance of such Series;

(f) printing and publication costs; and

(g) any other fee or cost incurred in connection with the issuance of such Series that constitutes an "issuance cost" within the meaning of Section 147(g) of the Code.

"CP Note Ordinance" means the ordinance adopted by the City Council of the City on _____, 2002 authorizing this Indenture and the issuance of the Commercial Paper Notes.

"Dealer" means _____ for as long as it is acting as a dealer for the City with respect to the Notes, or any successor Dealer appointed pursuant to the Dealer Agreement, as approved by the City.

"Dealer Agreement" means the Commercial Paper Dealer Agreement, dated as of _____, 2002, between the City and the Dealer, as amended and supplemented from time to time, and any such agreement with any successor Dealer.

"Debt Service Fund" means the fund by that name established pursuant to Section 4.01(b) hereof.

"Designated Representative" means the Chief Financial Officer of the City and if the Chief Financial Officer is not available, the City Comptroller of the City, and any additional individuals designated to complete and deliver Issuance Requests and who have been identified and whose signatures have been certified in a certificate of an Authorized City Representative delivered to the Issuing and Paying Agent.

"DTC" means The Depository Trust Company, as Note Depository for one or more Series of Commercial Paper Notes, and its successors and assigns.

"Event of Default" means any one or more of those events set forth in Section 9.01 hereof, which Event of Default has not been cured.

"Expiration Date" means the date of expiration of the Letter of Credit then in effect (as such date may be extended from time to time).

"Fiscal Year" shall mean the period of time beginning on January 1 and ending on December 31 of each year, or such other similar period as the City designates as the fiscal year of the City.

"Fitch" means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, any other rating agency designated by the City.

"Government Obligations" means (1) United States Obligations (including obligations issued or held in book-entry form), and (2) prerefunded municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee therefor has been given irrevocable instructions concerning their calling and redemption and the issuer thereof has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated in their highest rating category by Moody's and by S&P if S&P then maintains a rating on such obligations.

"Indenture" means this Trust Indenture, dated as of _____ 1, 2002, between the City and the Trustee, as supplemented and amended from time to time.

"Insolvent" shall be used to describe the Trustee, the Issuing and Paying Agent or any other agent appointed hereunder or the Bank if (a) such person shall have instituted proceedings to be adjudicated a bankrupt or insolvent, shall have consented to the institution of bankruptcy or insolvency proceedings against it, shall have filed a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable Federal or state law, or shall have consented to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator or other similar official of itself or of any substantial part of its property, or shall fail to timely controvert an involuntary petition filed against it under the United States Bankruptcy Code, or shall consent to the entry of an order for relief under the United States Bankruptcy Code or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or (b) a decree or order by a court having jurisdiction in the premises adjudging such person as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such person under the United States Bankruptcy Code or any other similar applicable Federal or state law or for relief under the United States Bankruptcy Code after an involuntary petition has been filed against such person, or appointing a receiver, liquidator, assignee, trustee or sequestrator or other similar official of such person or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, shall have been entered and shall have continued unabated and in effect for a period of 90 consecutive days.

"Investment Agreement" means an investment agreement or guaranteed investment contract with entities which maintain the following credit and collateral requirements: (a) if a corporation, they are initially rated "Aaa" by Moody's and "AAA" by S&P, if a domestic bank, they are initially rated Thomson "B/C" or better, and if a foreign bank, they are initially rated Thomson "B" or better, (b) if credit quality reaches Moody's "Aa3" or S&P "AA" for corporations, Thomson "B/C" for domestic banks, and Thomson "B" for foreign banks, the provider thereof (1) will respond with adequate collateralization within ten (10) business days, (2) will value assets weekly, and (3) will present collateral at 102% on Government Obligations and 105% on obligations described in item (2) of the definition of Permitted Investments; (c) the provider thereof must maintain minimum credit quality of Moody's "A2" or S&P "A" for corporations, Thomson "C" for domestic banks, or Thomson "B/C" for foreign banks; and (d) the investment agreement will be terminated if credit ratings reach Moody's "A3" or S&P "A-" for corporations, Thomson "C/D" for domestic banks and Thomson "C" for foreign banks.

"Issuance Request" means a request made by the City, acting through a Designated Representative, to the Issuing and Paying Agent for the delivery of a Commercial Paper Note or Commercial Paper Notes.

"Issuing and Paying Agent" means _____, Chicago, Illinois, or any successor or assigns permitted under the Issuing and Paying Agent Agreement or any other Issuing and Paying Agent which is appointed by the City and has entered into an Issuing and Paying Agent Agreement.

"Issuing and Paying Agent Agreement" means the Issuing and Paying Agent Agreement, dated as of _____ 1, 2002, between the City and the Issuing and Paying Agent, and any and all modifications, alterations, amendments and supplements thereto, or any other Issuing and Paying Agent Agreement entered into by the City and the Issuing and Paying Agent with respect to the Commercial Paper Notes.

"Letter of Credit" means the irrevocable, transferrable, direct-pay letter of credit issued by the Bank for the benefit of the Issuing and Paying Agent on or prior to the date of issuance of the first Commercial Paper Note, together with any substitute irrevocable, transferrable, direct-pay letter of credit accepted by the Issuing and Paying Agent as provided in Section 10.01 hereof; provided that at no time shall more than one letter of credit secure the Outstanding Commercial Paper Notes.

"Maximum Rate" means _____ percent (_____%) per annum.

"Moody's" means Moody's Investors Service, a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the City.

"No-Issuance Notice" shall have the meaning assigned thereto in a Reimbursement Agreement.

"Nominee" means the nominee of the Note Depository as determined from time to time in accordance with this Indenture or any Supplemental Indenture for any one or more Series of Commercial Paper Notes.

"Note Depository" means the securities depository for a Series of Commercial Paper Notes appointed as such pursuant to Section 2.05 hereof, and its successors and assigns.

"Noteholder," "holder," "owner" or "registered owner" means the person in whose name any Note or Notes are registered on the books maintained by the Registrar or Trustee.

"Note Proceeds" means proceeds of the sale of the Commercial Paper Notes or any moneys, securities or other obligations that may be deemed to be proceeds of the Commercial Paper Notes within the meaning of the Code.

"Outstanding" when used with respect to Notes shall mean all Notes which have been authenticated and delivered under this Indenture, except:

(a) Notes cancelled or purchased by the Issuing and Paying Agent for cancellation or delivered to or acquired by the Issuing and Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Notes in lieu of which other Notes have been authenticated under Section 2.07, 2.08 or 2.09 hereof;

(c) Notes that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Issuing and Paying Agent or Trustee;

(d) Notes which, under the terms of this Indenture, are deemed to be no longer Outstanding; and

(e) for purposes of any consent or other action to be taken by the holders of a specified percentage of Notes under this Indenture, Notes held by or for the account of the City or by any person controlling, controlled by or under common control with the City.

"Permitted Investments" shall mean any of the following:

(1) Government Obligations;

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Fannie Mae, Student Loan Marketing

Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(3) direct and general long-term obligations of any state, which obligations are rated in either of the two highest rating categories by Moody's and by S&P, if S&P then maintains a rating on such obligations;

(4) direct and general short-term obligations of any state which obligations are rated in the highest rating category by Moody's and by S&P, if S&P then maintains a rating on such obligations;

(5) interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"), which deposits or interests must either be (a) continuously and fully insured by FDIC and with banks that are rated at least " P-1" or "Aa" by Moody's and at least "A-1" or "AA" by S&P, if such banks are then rated by S&P, or (b) fully secured by United States Obligations (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the principal amount of the deposits or interests, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or depositary acceptable to the Trustee, (iii) subject to a perfected first lien in the Trustee, and (iv) free and clear from all third-party liens;

(6) long-term or medium-term corporate debt guaranteed by any corporation that is rated by both Moody's and S&P in either of their two highest rating categories;

(7) repurchase agreements which are (a) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from Moody's and S&P, if S&P then maintains a rating of such institution, and (b) fully secured by investments specified in Section (1) or (2) of this definition of Permitted Investments (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien in the Trustee, and (iv) free and clear from all third-party liens;

(8) prime commercial paper of a United States corporation, finance company or banking institution rated at least "P-1" by Moody's and at least "A-1" by S&P, if S&P then maintains a rating on such paper;

(9) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment

company (as defined in Section 851(a) of the Code) that is (a) a money market fund that has been rated in one of the two highest rating categories by Moody's or S&P, or (b) a money market fund or account of the Trustee or any state or Federal bank that is rated at least "P-1" or "Aa" by Moody's, if Moody's then maintains a rating on such bank, and at least "A-1" or "AA" by S&P, if S&P then maintains a rating on such bank, or whose one bank holding company parent is rated at least "P-1" or "Aa" by Moody's, if Moody's then maintains a rating on such holding company, and "A-1" or "AA" by S&P, if S&P then maintains a rating on such holding company, or that has a combined capital and surplus of not less than $50,000,000;

(10) Investment Agreements; and

(11) any other type of investment in which the City directs the Trustee to invest, provided that there is delivered to the Trustee a certificate of an Authorized City Representative stating that each of the Rating Agencies then maintaining a rating on the Series has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any Series.

"Person" means an individual, a corporation (including a limited liability company), a partnership (including a limited partnership), an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Principal Office" means the principal office of the Issuing and Paying Agent for purposes of performing its duties under this Indenture, which principal office has been designated in writing by the Issuing and Paying Agent to an Authorized City Representative.

"Proceeds Fund" means the fund by that name established pursuant to Section 4.01(a) hereof.

"Project or Purpose" means any undertaking or purpose listed or otherwise described in a Tax Certificate of the City, as from time to time amended, as being financed or refinanced in whole or in part with the proceeds of the Notes, including working capital and capital projects.

"Rating Agency" means, as long as it is rating a Series, (i) Standard & Poor's, (ii) Fitch, (iii) Moody's, or (iv) any other nationally recognized credit rating agency specified in a Supplemental Indenture.

"Rebate Fund" means any fund required to be maintained by the City pursuant to a Tax Certificate in connection with the issuance of the Notes or any Series of Notes for the purpose of complying with the Code, and providing for the collection and holding for and payment of amounts to the United States of America.

"Registrar" means, with respect to any Series, each person or entity, if any, designated by the City herein or in a Supplemental Indenture to keep a register of any Series and of the transfer and exchange of the Notes comprising such Series, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant hereto.

"Reimbursement Agreement" means the Reimbursement Agreement, dated as of _____ 1, 2002, pursuant to which the Letter of Credit is issued and any and all modifications, alterations, amendments and supplements thereto, and any similar document entered into with respect to the delivery of a substitute Letter of Credit.

"Representation Letter" means the Blanket Issuer Letter of Representations from the City to DTC with respect to a Series.

"Responsible Officer" means an officer or assistant officer of the Trustee assigned by the Trustee to administer this Indenture.

"Series" means a series of Commercial Paper Notes issued pursuant to this Indenture (e.g., Series A Notes or Series B Notes); each series of Commercial Paper Notes, when aggregated with all Outstanding Commercial Paper Notes of other series, may be in an aggregate amount up to the full Authorized Amount regardless of when or whether issued.

"Series A Notes" means the City of Chicago, Commercial Paper Notes, 2002 Program Series A (Tax Exempt), issued under this Indenture.

"Series A Project or Purpose" means any undertaking or purpose listed or otherwise described in a Tax Certificate of the City as being financed or refinanced in whole or in part with the proceeds of Series A Notes, including working capital and capital projects.

"Series B Notes" means the City of Chicago, Commercial Paper Notes, 2002 Program Series B (Taxable), issued under and secured by this Indenture.

"Series B Project or Purpose" means any undertaking or purpose listed or otherwise described in a certificate of the City, being financed or refinanced in whole or in part with the proceeds of the Series B Notes, including working capital and capital projects.

"Standard & Poor's" or "S & P" means Standard & Poor's, A Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"State" means the State of Illinois.

"Stated Amount" means, with respect to a Letter of Credit, the amount available to be drawn under the Letter of Credit for payment of principal of and interest on Commercial Paper Notes issued hereunder.

"Supplemental Indenture" means any document supplementing or amending this Indenture and entered into as provided in Article XI of this Indenture.

"Tax Certificate" means a certificate, as amended from time to time, executed and delivered on behalf of the City by a Designated Representative on the date upon which Series A Notes are initially issued and delivered, or any functionally equivalent certificate subsequently executed and delivered on behalf of the City by a Designated Representative with respect to the requirements of Section 148 (or any successor section) of the Code relating to the Series A Notes.

"Termination Date" means the sixteenth (16th) day prior to the Expiration Date.

"Trustee" shall mean the entity named as such in the heading of this Indenture until a successor replaces it and, thereafter, means such successor.

"United States Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein (1) a bank or trust company acts as custodian and holds the underlying United States Obligations; (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (3) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated.

Section 1.02. General Authorization. The appropriate officers, agents and employees of the City are each hereby authorized and directed, for and in the name and on behalf of the City, to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of one or more Series of Commercial Paper Notes or Bank Notes in accordance with the provisions hereof.

Section 1.03. Interpretation. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II.

The Commercial Paper Notes.

Section 2.01. Authorized Amount of Commercial Paper Notes; Terms and Description of Commercial Paper Notes. No Commercial Paper Notes may be issued under the provisions of this Indenture except in accordance with this Article.

(a) The City hereby authorizes the issuance of its Notes to be designated (i) "City of Chicago, Commercial Paper Notes, 2002 Program Series A (Tax Exempt)", and (ii) "City of Chicago, Commercial Paper Notes, 2002 Program Series B (Taxable)", subject to the provisions of this Section and as hereinafter provided. The Series A Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series A Projects or Purposes; and the Series B Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series B Projects or Purposes. Proceeds of Commercial Paper Notes issued to refinance other Commercial Paper Notes may be used to pay or to reimburse the Bank for Advances used to pay principal or interest due on such maturing Commercial Paper Notes; provided, however, that proceeds of Series A Notes may only be used to pay or to reimburse the Bank for Advances used to pay principal or interest due on Series A Notes, and proceeds of Series B Notes may only be used to pay or to reimburse the Bank for Advances used to pay principal or interest due on Series B Notes. Such authorization specifically includes the authorization to issue and reissue Commercial Paper Notes for such purposes. The aggregate principal amount of Commercial Paper Notes that may be Outstanding at any one time hereunder shall not exceed the Authorized Amount. The aggregate amount of principal and interest payable on the Outstanding Commercial Paper Notes shall not exceed the amount available to be drawn under the Letter of Credit.

(b) The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in bearer or registered form, as shall be determined by the Designated Representative, shall be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof. Commercial Paper Notes shall bear interest from their respective dated dates, payable on their respective maturity dates.

(c) Series A Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, (ii) shall mature on a Business Day not more than 270 days after their respective dated dates, but in no event later than the related Termination Date, and (iii) shall be sold by the Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. Series B Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 360 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, (ii) shall mature on a Business Day not more than 270 days after their dated dates, but in no event later than the related Termination

Date, and (iii) shall be sold by the Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate or yield, maturity date and other terms of the Commercial Paper Notes, as long as not inconsistent with the terms of this Indenture, shall be as set forth in the Issuance Request required by Section 2.06 hereof directing the issuance of Commercial Paper Notes.

(d) The Commercial Paper Notes shall not be subject to redemption prior to maturity.

(e) The Series A Notes and the Series B Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

(f) Commercial Paper Notes which are issued to finance or refinance Series A Projects or Purposes shall be designated as Series A Notes. Commercial Paper Notes which are issued to finance or refinance Series B Projects or Purposes shall be designated as Series B Notes.

Section 2.02. Payment. The City covenants to duly and punctually pay or cause to be paid, the principal of and interest on each and every Commercial Paper Note when due. To the extent Advances made by the Bank for the purpose of paying principal of and interest on maturing Commercial Paper Notes, together with Note Proceeds from Commercial Paper Notes issued on such date, are insufficient to pay principal of and interest on maturing Commercial Paper Notes, the City will make all payments of principal and interest directly to the Issuing and Paying Agent in immediately available funds on or prior to 1:15 p.m., Chicago, Illinois time, on the date payment is due on any Commercial Paper Note. To the extent principal of and/or interest on Commercial Paper Notes is paid with an Advance, the Issuing and Paying Agent is authorized and directed to use amounts paid by the City to reimburse the Bank. The principal of and the interest on the Commercial Paper Notes shall be paid in Federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal of and the interest on the Commercial Paper Notes shall be payable at the Principal Office of the Issuing and Paying Agent on or before the close of business on any Business Day upon which such Commercial Paper Notes have become due and payable, provided that such Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent no later than 2:00 p.m. (Chicago, Illinois time) on a Business Day, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 2:00 p.m. (Chicago, Illinois time) on a Business Day, payment therefor may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions of the previous paragraph, in the event the Notes are issued as a master note or master notes in book-entry form, they shall be payable at maturity

without physical presentation or surrender in accordance with the procedures of the Note Depository.

Section 2.03. Execution and Authentication of Commercial Paper Notes; Limited Obligation. The Notes, in certificated form, will be signed for the City as provided in the CP Note Ordinance. In case any officer whose signature or whose facsimile signature shall appear on any Notes shall cease to be such officer before the authentication of such Notes, such signature or the facsimile signature thereof shall, nevertheless, be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Note is the proper officer on the actual date of execution, the Note will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Indenture, such person was not such officer.

The Issuing and Paying Agent is, by this Indenture, designated by the City as the Authenticating Agent and Registrar for the Commercial Paper Notes in accordance with the terms of Section 7.01 hereof. Notwithstanding anything herein to the contrary, the Issuing and Paying Agent shall not authenticate Commercial Paper Notes which mature later than the Termination Date, and the Issuing and Paying Agent shall not authenticate Commercial Paper Notes if an Event of Default then exists of which it has actual knowledge or the Issuing and Paying Agent has received a No-Issuance Notice from the Bank.

If any Commercial Paper Notes are to be issued in bearer form, the City shall from time to time furnish the Issuing and Paying Agent with an adequate supply of Commercial Paper Notes, each of which shall have attached such number of copies as the Issuing and Paying Agent shall reasonably specify. When any Commercial Paper Notes are delivered to the Issuing and Paying Agent by the City, the Issuing and Paying Agent shall execute and deliver to the City a receipt therefor and shall hold such Commercial Paper Notes for the account of the City in safekeeping in accordance with its customary practice.

Section 2.04. Forms of Commercial Paper Notes and Authentication Certificate. The definitive Series A Notes and Series B Notes and the Certificate of Authentication endorsed thereon shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as shall be required or appropriate in order to accomplish the purposes of the transactions authorized by this Indenture.

Section 2.05. Book-Entry System. Unless an Authorized City Representative or his designee determines that a Series of Commercial Paper Notes shall be issued in bearer form or registered form other than in book-entry form, the Commercial Paper Notes shall initially be issued in book-entry form as further provided in this Section.

(a) The Notes issued pursuant to this Indenture shall initially be issued in the form of a separate single fully-registered Note for each Series of the Commercial Paper Notes. Except as provided in subsection (c) of this Section, all of the Commercial Paper Notes shall be registered in the name of the Nominee. Notwithstanding any provision to

the contrary in Section 2.06, as long as the Notes remain in the form of one or more master notes in book-entry form, the issuance of Notes pursuant to an Issuance Request against payment therefor shall not require the physical delivery of note certificates.

The Trustee, the Issuing and Paying Agent and the City may treat the registered owner of each Note as the sole and exclusive owner thereof for the purposes of payment of the principal of or interest on the Series of Notes to which such Note belongs, giving any notice permitted or required to be given to Noteholders hereunder, registering the transfer of Notes, obtaining any consent or other action to be taken by Noteholders, and for all other purposes whatsoever, and neither the Trustee, the Issuing and Paying Agent nor the City shall be affected by any notice to the contrary.

Neither the Trustee, the Issuing and Paying Agent nor the City shall have any responsibility or obligation to any participant in the Note Depository (a "Participant"), any person claiming a beneficial ownership interest in the Commercial Paper Notes under or through the Note Depository or any Participant, or any other person who is not shown on the registration books as being a Noteholder, with respect to (i) the accuracy of any records maintained by the Note Depository or any Participant; (ii) the payment by the Note Depository or any Participant of any amount in respect of the principal of or interest on the Commercial Paper Notes; (iii) the delivery of any notice which is permitted or required to be given to Noteholders hereunder; (iv) any consent given or other action taken by the Note Depository as Noteholder; or (v) any other purpose.

The Issuing and Paying Agent shall pay all principal of and interest on the Commercial Paper Notes only to or upon the order of the Note Depository, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the payment of the principal of and interest on the Commercial Paper Notes to the extent of the sum or sums so paid. Upon delivery by the Note Depository to the Issuing and Paying Agent of written notice to the effect that the Note Depository has determined to substitute a new Nominee in place of the current Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Article shall refer to such new Nominee.

(b) In order to qualify each Series of Commercial Paper Notes for the Note Depository's book-entry system, an Authorized City Representative is hereby authorized to execute, seal, countersign and deliver on behalf of the City to the Note Depository for each Series of Commercial Paper Notes, a Representation Letter from an Authorized City Representative representing such matters as shall be necessary to so qualify the Commercial Paper Notes. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section or in any other way impose upon the City any obligation whatsoever with respect to persons having beneficial ownership interests in the Commercial Paper Notes other than the Noteholders.

(c) (1) The Note Depository may determine to discontinue providing its services with respect to a Series of Commercial Paper Notes at any time by giving

reasonable written notice to an Authorized City Representative, the Trustee and the Issuing and Paying Agent, and by discharging its responsibilities with respect thereto under applicable law.

(2) An Authorized City Representative, exercising the sole discretion of the City and without the consent of any other person, may terminate, upon provision of notice to the Note Depository, the Trustee and the Issuing and Paying Agent, the services of the Note Depository with respect to a Series of Commercial Paper Notes if the Authorized City Representative determines, on behalf of the City, that the continuation of the system of book-entry only transfers through the Note Depository (or a successor securities depository) is not in the best interests of the owners of a Series of Commercial Paper Notes or is burdensome to the City, and shall terminate the services of the Note Depository with respect to a Series of Commercial Paper Notes upon receipt by the City, the Trustee and the Issuing and Paying Agent of written notice from the Note Depository to the effect that the Note Depository has received written notice from Direct Participants (as defined in the Representation Letter) having interests, as shown in the records of the Note Depository, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Commercial Paper Notes to the effect that: (i) the Note Depository is unable to discharge its responsibilities with respect to such Series of Commercial Paper Notes, or (ii) a continuation of the requirement that all of the outstanding Notes be registered in the registration books kept by the Issuing and Paying Agent in the name of the Nominee of the Note Depository, is not in the best interest of the Noteholders of such Series of Commercial Paper Notes.

(3) Upon the termination of the services of the Note Depository with respect to a Series of Commercial Paper Notes pursuant to subsection (c)(1) or (c)(2) hereof, after which no substitute Note Depository willing to undertake the functions of the Note Depository hereunder can be found or which, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, a Series of Commercial Paper Notes shall no longer be restricted to being registered in the registration books kept by the Note Registrar in the name of the Nominee of the Note Depository. In such event, the City shall issue and the Issuing and Paying Agent shall transfer and exchange Note certificates as requested by the Note Depository or Direct Participants of like principal amount, Series and maturity, in denominations of $100,000 and integral multiples of $1,000 in excess thereof, to the identifiable Noteholder in replacement of such Noteholder's beneficial interests in a Series of Commercial Paper Notes.

(d) Notwithstanding any provision hereof to the contrary, as long as the Commercial Paper Notes of any Series are registered in the name of the Nominee, all payments with respect to principal of and interest on the Commercial Paper Notes of such Series and all notices with respect to the Commercial Paper Notes of such Series shall be

made and given, respectively, as provided in the Representation Letter for the related Series of Notes or as otherwise instructed by the Note Depository.

(e) The initial Note Depository with respect to each Series of Commercial Paper Notes shall be DTC. The initial Nominee with respect to each Series of Commercial Paper Notes shall be CEDE & CO., as nominee of DTC.

Section 2.06. Conditions Precedent to Delivery of Commercial Paper Notes.

(a) Prior to the issuance of the first Commercial Paper Notes hereunder, Commercial Paper Notes of each initial Series shall be executed on behalf of the City and delivered to the Issuing and Paying Agent, who shall hold such Commercial Paper Notes unauthenticated in safekeeping for the City. Subject to the provisions of Sections 2.01 and 2.05 hereof, and paragraphs (f) and (g) of this Section, at any time and from time to time prior to the Termination Date, Commercial Paper Notes shall be manually authenticated and delivered by the Issuing and Paying Agent for the consideration and in the manner hereinafter provided, but only upon receipt by the Issuing and Paying Agent of an Issuance Request, no later than 11:30 a.m. (Chicago, Illinois time) on the Business Day on which Commercial Paper Notes are to be delivered, directing the Issuing and Paying Agent to authenticate the Commercial Paper Notes referred to therein and to deliver the same to or upon the order of the Dealer. Each Issuance Request shall include: (i) the principal amount and date of each Commercial Paper Note then to be delivered; (ii) the rate and amount of interest thereon; (iii) the maturity date thereof; and (iv) the Series designation thereof. No later than 1:30 p.m. (Chicago, Illinois time) on each Business Day on which the City proposes to issue Commercial Paper Notes, the Dealer shall report to the City each transaction made with or arranged by it or shall notify the City and the Issuing and Paying Agent of the difference, if any, between the amount of maturing Notes of a Series and the amount of Notes of a Series which the Dealer has arranged to sell or has agreed to purchase.

(b) Upon receipt of such Issuance Request (which may be transmitted by mail, telecopy or other electronic communications method, or by telephone, promptly confirmed in writing by 1:00 p.m. Chicago, Illinois time), the Issuing and Paying Agent shall, by 2:00 p.m. (Chicago, Illinois time) on such day, complete each Series A Note and each Series B Note then to be delivered as to amount, date, maturity date, interest rate and interest amount specified in such Issuance Request, and deliver each such Commercial Paper Note to or upon the order of the Dealer upon receipt of payment therefor; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause (a) the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the Authorized Amount, or (b) the aggregate principal amount of Commercial Paper Notes described in each Issuance Request (together with the interest thereon), plus the aggregate principal amount of all Commercial Paper Notes then Outstanding (together with the interest thereon), less the aggregate principal amount of any of the then Outstanding Commercial Paper Notes to be retired concurrently with the issuance of the Commercial Paper Notes described in the Issuance Request (including interest thereon), to exceed the amount available to be drawn under the Letter of Credit. Notwithstanding any provision herein to the contrary, no such Commercial Paper Notes of any Series shall be delivered by the Issuing and Paying Agent if (A) it shall have received

notice from an Authorized City Representative directing the Issuing and Paying Agent to cease authenticating and delivering Commercial Paper Notes until such time as such direction is withdrawn by similar notice, (B) it shall have actual knowledge that an Event of Default shall have occurred and be continuing, (C) it shall have received notice from Bond Counsel that its opinion regarding the exclusion of interest on the Notes of such issue or Series (issued as tax-exempt Notes) from gross income for Federal income tax purposes of the holders thereof is being withdrawn, (D) the maturity date of such Commercial Paper Notes would extend beyond the related Termination Date, or (E) the Trustee and the Issuing and Paying Agent shall have received a No-Issuance Notice from the Bank. If an Issuance Request is received after 11:30 a.m. (Chicago, Illinois time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

(c) The City shall, upon a change in the identity of any Designated Representative, provide a Certificate for each new Designated Representative to the Issuing and Paying Agent.

(d) A copy of each Commercial Paper Note authenticated in bearer form by the Issuing and Paying Agent shall be promptly transmitted by facsimile and thereafter mailed by first class United States mail, postage prepaid, to the City and the Trustee by the Issuing and Paying Agent. The Issuing and Paying Agent shall furnish the City with such additional information with respect to the carrying out of its duties hereunder as the City from time to time shall reasonably request.

(e) In addition to the Issuance Request described above in this Section, and as a further condition to the issuance of any Commercial Paper Notes, the Designated Representative shall certify to or instruct, for and on behalf of the City, the Issuing and Paying Agent that, as of the date of delivery of such Commercial Paper Notes, (i) the Letter of Credit is in full force and effect; (ii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the sum of the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the Authorized Amount; (iii) the sum of the aggregate principal amount of Commercial Paper Notes then Outstanding (together with the interest thereon) does not exceed the amount available to be drawn under the Letter of Credit; (iv) unless interest on the Commercial Paper Notes to be issued is to be taxable, to the City's knowledge there has been no change in the facts, estimates, circumstances and representations of the City set forth or made (as the case may be) in the Tax Certificate (applicable to such Commercial Paper Notes); (v) the terms of the Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the related Termination Date; (vi) the City has not been notified by Bond Counsel that its opinion with respect to the validity of the Commercial Paper Notes and, unless interest on the Notes is to be taxable, the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealer has been delivered; (vii) to the actual knowledge of the City, no Event of Default has occurred and is then continuing; (viii) the Note Proceeds shall be deposited into the Commercial Paper Bank Payment Account or into the Construction Fund pursuant to Section 4.02 hereof in the amounts specified by the

Designated Representative; and (ix) all of the conditions precedent to the issuance of such Commercial Paper Notes set forth in this Section of this Indenture have been satisfied.

The delivery of any Issuance Request to the Issuing and Paying Agent by a Designated Representative in the manner provided in this Section shall constitute the certification and representation of the City as of the date of such Issuance Request as to the matters set forth in the immediately preceding paragraph.

(f) Any Issuance Request made by telephone pursuant to this Section may be recorded by the Issuing and Paying Agent and shall be confirmed promptly in writing by a Designated Representative; provided, however, that any conflict between any recorded oral Issuance Request and the written confirmation thereof, shall not affect the validity of any recorded oral Issuance Request received by the Issuing and Paying Agent as provided herein. If the Issuing and Paying Agent does not record an oral Issuance Request, and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control.

(g) Prior to the initial delivery of Commercial Paper Notes under this Indenture and as a condition to such initial issuance, the Trustee and the City shall be notified by the Issuing and Paying Agent that the Issuing and Paying Agent has received:

(1) a fully executed counterpart of the Reimbursement Agreement;

(2) the executed Letter of Credit;

(3) the opinions of the United States counsel and foreign counsel to the Bank, addressed to the City, the Issuing and Paying Agent and the Trustee, to the effect that the Letter of Credit and the Reimbursement Agreement are valid and legally binding obligations of the Bank, enforceable in accordance with their terms; and

(4) a fully executed counterpart of the Dealer Agreement.

Section 2.07. Ownership of Commercial Paper Notes. The City and the Issuing and Paying Agent may deem and treat the bearer of Notes in bearer form or the registered owner of Notes in registered form as the absolute owner thereof (whether or not such Commercial Paper Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuing and Paying Agent) for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the City nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

Section 2.08. Mutilated, Lost, Stolen or Destroyed Notes. In the event any Commercial Paper Note is mutilated or defaced but identifiable by number and description, the City shall execute and the Authenticating Agent shall authenticate and deliver a new Note of like Series, date, maturity and denomination as such Note, upon surrender thereof to the Issuing and Paying Agent; provided that there shall first be furnished to the Issuing and Paying Agent clear

and unequivocal proof satisfactory to the Issuing and Paying Agent that the Note is mutilated or defaced to such an extent as to impair its value to the Noteholder. The Noteholder shall accompany the above with a deposit of money required by the Issuing and Paying Agent for the cost of preparing the substitute Note and all other expenses connected with the issuance of such substitute. The Issuing and Paying Agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(a) In the event any Note is lost, stolen or destroyed, the City may execute and the Authenticating Agent may authenticate and deliver a new Note of like Series, date, maturity and denomination as that Note lost, stolen or destroyed, provided that there shall first be furnished to the Issuing and Paying Agent evidence of such loss, theft or destruction satisfactory to the Issuing and Paying Agent, together with indemnity satisfactory to it and the City.

(b) Except as limited by any Supplemental Indenture, the Issuing and Paying Agent may charge the holder of any such Note all governmental charges and transfer taxes, if any, and its reasonable fees and expenses in this connection. All substitute Notes issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, as determined by the Issuing and Paying Agent. In the event any such Note has matured or been called for redemption, instead of issuing a substitute Note, the Issuing and Paying Agent may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnity satisfactory to it and the City.

Section 2.09. Transfer or Exchange of Notes. Upon surrender for transfer of any Note at the designated corporate trust office of the Registrar, the Registrar shall deliver in the name of the transferee or transferees a new fully authenticated and registered Note or Notes of authorized denominations of the same Series, and maturity for the same aggregate principal amount.

Noteholders may present Notes at the designated corporate trust office of the Registrar for exchange for Notes of different authorized denominations and, upon such presentation, the Registrar shall deliver to the Noteholder a new fully authenticated and registered Note or Notes of the same Series and maturity for the same aggregate principal amount.

All Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Noteholder or by his duly authorized attorney.

Except as limited by any Supplemental Indenture, the Registrar also may require payment from the Noteholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Note shall be delivered.

Supplemental Indentures may designate certain limited periods during which Notes will not be exchanged or transferred.

Notes delivered upon any exchange or transfer as provided herein, or as provided in Section 2.08 hereof, shall be valid limited obligations of the City, evidencing the same debt as the Note or Notes surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Note or Notes surrendered.

Section 2.10. Destruction of Notes. Whenever any Notes shall be delivered to the Issuing and Paying Agent for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.08 or exchange or transfer pursuant to Section 2.09, such Note shall be cancelled and destroyed by the Issuing and Paying Agent or the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Issuing and Paying Agent to the City.

Section 2.11. Temporary Notes. Pending preparation of definitive Notes of any Series, the City may execute and the Issuing and Paying Agent shall authenticate and deliver, in lieu of definitive Notes and subject to the same limitations and conditions, interim receipts, certificates or temporary Notes which shall be exchanged for the Notes.

If temporary Notes shall be issued, the City shall cause the definitive Notes to be prepared and to be executed, authenticated and delivered to the Issuing and Paying Agent, and the Issuing and Paying Agent, upon presentation to it of any temporary Note, shall cancel the same and deliver in exchange therefor at the place designated by the holder, without charge to the holder thereof, definitive Notes of an equal aggregate principal amount of the same Series issue date, maturity and bearing interest the same as the temporary Notes surrendered. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Notes to be issued and authenticated hereunder.

Section 2.12. Nonpresentment of Notes. In the event any Note shall not be presented for payment when the principal thereof becomes due, if moneys sufficient to pay such Note shall have been deposited with the Trustee for the benefit of the owner thereof, all liability of the City to the owner thereof for the payment of such Note shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability to the City, any owner of any Note or any other person for interest thereon, for the benefit of the owner of such Note, who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, said Note.

Any moneys so deposited with and held by the Trustee and not so applied to the payment of Notes within two (2) years after the date on which the same shall have become due shall be paid by the Trustee to the City, free from the trusts created by this Indenture. Thereafter, the owners of the Notes shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid by the Trustee. The City shall apply the sums paid to it pursuant to this Section in accordance with applicable law, but shall not be liable for any interest

on such sums paid to it pursuant to this Section and shall not be regarded as a trustee of such money.

ARTICLE III.

Security.

Section 3.01. Limited Tax General Obligations. The Commercial Paper Notes and the Bank Notes shall be direct and general obligations of the City, and shall be secured by a pledge of, lien on and security interest in all amounts in the funds and accounts created or maintained pursuant to this Indenture, the Issuing and Paying Agent Agreement or any Tax Certificate (except the Rebate Fund), including earnings on such amounts, subject only to the provisions of this Indenture and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein.

The obligation of the City to make payments of the principal of, [the redemption premium of,] and the interest on the Commercial Paper Notes and the Bank Notes shall be payable from any funds legally available for such purpose. The City covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all such payments with respect to the Commercial Paper Notes and the Bank Notes; provided however, that in no event shall the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to pay such principal, [redemption premium] or interest.

Section 3.02. Punctual Payment. The City covenants that it will provide for the punctual payment of the principal of and interest on each Commercial Paper Note and each Bank Note as the same shall become due and payable in accordance with its terms.

ARTICLE IV.

Application of Commercial Paper Note Proceeds.

Section 4.01. Creation of Funds and Accounts. (a) The Proceeds Fund is hereby created as a separate fund and shall be held, maintained and accounted for by the Trustee, and the moneys in the Proceeds Fund shall be used for the purposes for which the Notes of any Series are authorized to be issued, including, but not limited to, the payment of principal of and interest on the Notes, Costs of Issuance and administrative costs of the commercial paper program. If so specified in a Tax Certificate, the City shall establish one or more accounts and subaccounts within the Proceeds Fund. The Proceeds Fund is designated as the "Commercial Paper Proceeds Fund" and herein called the "Proceeds Fund."

(b) The Debt Service Fund is hereby created as a separate trust fund and shall be held by the Issuing and Paying Agent. The City may direct the Issuing and Paying Agent to

establish and maintain a separate account or accounts in the Debt Service Fund with respect to any or all of the Notes of one or more Series. Moneys in the Debt Service Fund and the accounts therein shall be held in trust separate and apart from all other moneys, funds and accounts held by the Issuing and Paying Agent, and shall be applied to pay the principal of and interest on Outstanding Notes in the amounts, at the times and in the manner set forth herein and in any Supplemental Indenture. Moneys in the accounts in the Debt Service Fund may also be applied to pay or reimburse the Bank for unreimbursed Advances to the extent provided herein or in any Supplemental Indenture. The following accounts are hereby established within the Debt Service Fund, and the Issuing and Paying Agent shall hold such accounts in trust in accordance herewith and with the Issuing and Paying Agent Agreement:

(1) "Commercial Paper Debt Service Account," and herein called the "Debt Service Account;"

(2) three "Commercial Paper Bank Payment Accounts," and herein called the "Bank Payment Accounts" designated as

(i) the "Series A Bank Payment Account," and

(ii) the "Series B Bank Payment Account," and

(3) "Bank Note Debt Service Account," and herein called the "Bank Note Account."

Section 4.02. Deposit of Proceeds of Commercial Paper Notes. Immediately upon receipt thereof, the Issuing and Paying Agent shall, if instructed by an Authorized City Representative, first deposit the proceeds of the sale of Commercial Paper Notes into the applicable Commercial Paper Bank Payment Account in an amount equal to the unreimbursed Advances made by the Bank to pay principal of or interest on Commercial Paper Notes of such Series. Proceeds so deposited shall be held separate and apart from all other funds and accounts and shall not commingled with any other moneys. The remaining proceeds shall be transferred to the Trustee for deposit in the Proceeds Fund.

Section 4.03. Application of Moneys in the Proceeds Fund. (a) Moneys in the Proceeds Fund attributable to each Series shall be applied to the payment of the costs of the Project or Purpose for such Series, Costs of Issuance of such Series and administrative costs of the commercial paper program. An Authorized City Representative may from time to time amend the list of Projects or Purposes in a Tax Certificate; provided, however, that the Authorized City Representative shall not amend the list of Projects or Purposes in such a way as to change the tax status of the related Series of Commercial Paper Notes. An Authorized City Representative is hereby authorized to execute one or more supplemental Tax Certificates in connection with any Series of Notes.

(b) The Trustee shall make payments or disbursements from the Proceeds Fund upon receipt from the City of a written requisition, in substantially the form attached as Exhibit

C to this Indenture, executed by an Authorized City Representative, which requisition shall state, with respect to each amount requested thereby, (i) the account, if any, within the Proceeds Fund from which such amount is to be paid, (ii) the number of the requisition from such account, (iii) the amount to be paid, the name of the Person (which may include payment to the City) to which the payment is to be made and the manner in which the payment is to made, (iv) that the amount to be paid represents a cost of a qualifying Project or Purpose as described in a Tax Certificate of the City, or is related to a Series B Project, as applicable, and (v) unless related to a Series B Project, that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the applicable Tax Certificate.

(c) Moneys held in the Proceeds Fund shall be invested and reinvested by the Trustee in Permitted Investments as directed by an Authorized City Representative.

(d) Any amounts remaining in the Proceeds Account for a Series of Notes at the completion of the Project or Purpose for such Series shall be transferred to the related Bank Payment Account and used to repay Advances to the extent that a portion of such Advances is allocable to the interest on the Notes of such Series.

Section 4.04. Deposits Into and Uses of the Commercial Paper Debt Service Account and the Bank Payment Account. (a) At or before 3:15 p.m., Chicago, Illinois time, on the maturity date of each Note, the City may deposit or cause to be deposited, from moneys of the City legally available therefor, including, but not limited to, Note Proceeds, an amount sufficient, together with other available moneys, if any, with the Issuing and Paying Agent for deposit into the related Series Bank Payment Account, to reimburse the Bank in an amount equal to the principal of and interest due on all Notes maturing on such maturity date; provided that the City shall be required to deposit into a segregated account (hereinafter designated the "Shortfall Account") such amounts from such source, at such time, to the extent Advances are not made under the Letter of Credit to pay the principal of and interest on the Notes maturing on such date. The "Shortfall Account" is hereby created as a separate trust fund and shall be held by the Trustee separate and apart from all other moneys, funds and accounts held by the Issuing and Paying Agent. Amounts deposited in the Shortfall Account, if any, shall be applied to pay any deficiency in Advances to pay the full amount of the principal of and interest on all Notes maturing on such maturity date. The Issuing and Paying Agent shall notify the City on or before 4:00 p.m., Chicago, Illinois time, on the Business Day prior to such maturity date, of the total amount due on such maturity date. Not later than 3:00 p.m., Chicago, Illinois time, on the maturity date of each Note, either the Issuing and Paying Agent or a Designated Representative shall notify the Bank if the City has not deposited or caused to be deposited, with the Issuing and Paying Agent for deposit into the related Series Bank Payment Account, an amount equal to the Advance drawn on such date.

(b) Each Advance received by the Issuing and Paying Agent as a result of a drawing under the Letter of Credit to pay the principal of and interest on maturing Notes shall be deposited into the Debt Service Account, and shall be used to pay the principal of and interest on such maturing Notes upon the proper presentment thereof. Each Advance so deposited shall be held separate and apart from all other funds, accounts and subaccounts, and shall not commingled

with any other moneys. At or before 2:00 p.m., Chicago, Illinois time, on each maturity date, the Issuing and Paying Agent shall notify the City whether or not the Issuing and Paying Agent has received a sufficient Advance or Advances to pay all such maturing principal and interest.

(c) Amounts deposited into the Series A Bank Payment Account shall be used, on each day that an Advance with respect to Series A Notes is received by the Issuing and Paying Agent and deposited into the Series A Debt Service Account, by the Issuing and Paying Agent to reimburse the Bank for the amount of such Advance; provided, however, that, if, on any maturity date of the Series A Notes, the Advances paid under the Letter of Credit with respect to Series A Notes are not sufficient to pay the full amount of the principal of and interest due on such Series A Notes on such date, amounts in the Series A Bank Payment Account shall be used to make the balance of such payment.

(d) Amounts deposited into the Series B Bank Payment Account shall be used, on each day that an Advance with respect to Series B Notes is received by the Issuing and Paying Agent and deposited into the Series B Debt Service Account, by the Issuing and Paying Agent to reimburse the Bank for the amount of such Advance; provided, however, that, if, on any maturity date of the Series B Notes, the Advances paid under the Letter of Credit with respect to Series B Notes are not sufficient to pay the full amount of the principal of and interest due on such Series B Notes on such date, amounts in the Series B Bank Payment Account shall be used to make the balance of such payment.

(e) Moneys in the Debt Service Account shall not be invested. Moneys in any Bank Payment Account shall be invested and reinvested by the Issuing and Paying Agent in Permitted Investments as directed by an Authorized City Representative, or, in the absence of such direction, in Permitted Investments described in subparagraph (9) of the definition thereof.

Section 4.05. Drawings Under the Letter of Credit. On or before each maturity date for any Commercial Paper Note, the Issuing and Paying Agent shall present all required drawing certificates and accompanying documentation, if required, to the Bank and demand payment be made under the Letter of Credit on such maturity date at such time and in such amount not in excess of the Stated Amount so as to be timely and sufficient to pay the entire amount of principal and interest becoming due on all Commercial Paper Notes on such date. No drawings under the Letter of Credit shall be used to pay principal of and interest due on Bank Notes or any Notes which are owned or held by or for the account of the City. Without limiting any other liability of the Issuing and Paying Agent for this or any other action, failure of the Issuing and Paying Agent to perform the duties and obligations set forth in this covenant shall constitute negligence on its part.

ARTICLE V.

The Bank Notes.

Section 5.01. Authorization and Terms of Bank Notes. (a) The City hereby authorizes the issuance of one or more of its Bank Notes, subject to the provisions of this Article. Each Bank Note shall be issued to the Bank and designated the "City of Chicago Bank Note (2002 Commercial Paper Program) (insert name of Bank)." The initial Bank Note shall be issued by the City on the Closing Date in order to evidence the obligations of the City to reimburse the Bank for drawings under the Letter of Credit, including unreimbursed Advances, together with interest thereon at the Bank Rate. Subsequent Bank Notes, substantially in the form of Exhibit B, may be issued upon delivery of a substitute Letter of Credit as provided in Article X hereof.

(b) The Bank Notes shall be dated the date of issuance thereof; shall be issued in registered form only; shall be issued in any denomination; and shall bear interest at the Bank Rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed); provided, however, that the interest rate on the Bank Notes shall never exceed eighteen percent (18%) per annum, subject to the applicable provisions of the Reimbursement Agreement. Bank Notes shall bear interest from their respective dates, payable in accordance with the Reimbursement Agreement. Principal of Bank Notes shall be payable in accordance with the Reimbursement Agreement. The final maturity of the Bank Notes shall be no later than such date as may be provided for in the Reimbursement Agreement.

(c) The maturity date and other terms of each Bank Note, as long as not inconsistent with the terms of this Indenture, shall be as set forth in the certificate of an Authorized City Representative directing the issuance of such Bank Note.

(d) Each Bank Note shall be subject to optional prepayment prior to maturity in accordance with, and upon notice as provided by, the Reimbursement Agreement.

Section 5.02. Nature of Obligations. The Bank Notes are direct and general obligations of the City as described in Section 3.01 hereof.

Section 5.03. Form of Bank Notes. The definitive Bank Notes shall be substantially in the form set forth in Exhibit B attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as shall be necessary or appropriate in order to accomplish the purpose of this Indenture. The Bank Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

Section 5.04. No Transfer of Bank Notes. To the extent permitted by applicable law, the Bank Notes shall be non-negotiable and non-transferable.

Section 5.05. Deposits in Bank Note Account. On the Business Day before each Bank Note Payment Date, an Authorized City Representative shall allocate and transfer to the Issuing and Paying Agent for deposit in the Bank Note Account amounts from available moneys, as follows:

(a) . . .an amount equal to the aggregate amount of interest due and payable on such Bank Note Payment Date on all Bank Notes outstanding; and

(b) an amount equal to the aggregate principal amount due and payable on such Bank Note Payment Date on the outstanding Bank Notes;

Amounts in the Bank Note Account shall be invested by the Issuing and Paying Agent in Permitted Investments as directed in writing by an Authorized City Representative, or, in the absence of direction from an Authorized City Representative, the Issuing and Paying Agent shall select Permitted Investments described in subparagraph (9) of the definition thereof. The Bank Notes shall not be payable from the proceeds of the Letter of Credit drawing.

ARTICLE VI

Covenants

Section 6.01. Tax Covenants. In order to maintain the exclusion from gross income of the interest on the Series A Notes for Federal income tax purposes, the City covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, and further agrees to comply with the covenants contained in, and the instructions given pursuant to, each Tax Certificate, which by this reference is incorporated herein, as a source of guidance for compliance with such provisions.

Notwithstanding any other provisions of this Indenture or any Supplemental Indenture to the contrary, upon the City's failure to observe, or refusal to comply with the foregoing covenant, no person other than the holders of any Series A Notes shall be entitled to exercise any right or remedy provided to the holders of any Series A Notes under this Indenture or any Supplemental Indenture on the basis of the City's failure to observe, or refusal to comply, with such covenant.

Section 6.02. Taxable Notes. Notwithstanding anything in this Indenture to the contrary, in the event an Authorized City Representative designates a Series as obligations not described in Section 103(a) of the Code, including the Series B Notes issued hereunder, the provisions of Section 6.01 shall not apply to such Series.

Section 6.03. Letter of Credit. The City hereby covenants to maintain in effect a Letter of Credit meeting the requirements hereof at all times that Commercial Paper Notes are Outstanding hereunder.

ARTICLE VII.

Issuing and Paying Agent; Dealer.

Section 7.01. Appointment of Issuing and Paying Agent. The City hereby appoints _____, as Issuing and Paying Agent, Authenticating Agent and Registrar, and agrees that, at or prior to the time of issuance of the initial Commercial Paper Notes, the City will enter into the Issuing and Paying Agent Agreement and will at all times, prior to the Termination Date, maintain in effect an Issuing and Paying Agent Agreement, pursuant to which the Issuing and Paying Agent will agree to hold funds and fulfill the duties and obligations of the Issuing and Paying Agent, as provided for in this Indenture.

The Issuing and Paying Agent, Authenticating Agent, and Registrar shall (i) designate to the Trustee its principal office, and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under any Supplemental Indenture by written instrument of acceptance delivered to the City and the Trustee.

Section 7.02. Reports and Records. The Issuing and Paying Agent shall at all times keep or cause to be kept proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Notes and any funds and accounts established and maintained by the Issuing and Paying Agent pursuant to this Indenture and any Supplemental Indenture. Such records shall be available for inspection by the City on each Business Day upon reasonable notice during reasonable business hours, and by any Owner or its agent or representative duly authorized in writing at reasonable hours and under reasonable circumstances. The Issuing and Paying Agent shall not be required to maintain records with respect to transactions made by the Trustee or an Authorized City Representative, or with respect to funds established and maintained by the Trustee.

(a) The Issuing and Paying Agent shall provide to the Authorized City Representative each month a report of the amounts deposited in each fund and account held by it under this Indenture, and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts, the investments in each such fund and account, and the yield on each investment calculated in accordance with the directions of an Authorized City Representative. Such report shall also include such information regarding the issuance of Commercial Paper Notes during the subject month as the City shall request.

(b) The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the obligations of the City resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon, and the principal and interest paid from time to time thereunder. As long as the Commercial Paper Notes are in book-entry form, in any legal action or proceeding with respect to a master note, the entries made in such books, records or accounts shall be, absent manifest error, conclusive evidence of the existence and the amounts of the obligations of the City therein recorded.

Section 7.03. Resignation and Replacement of Issuing and Paying Agent. The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the Bank, the Trustee and the City. The Issuing and Paying Agent may be removed, with the written consent of the Bank, which consent shall not be unreasonably withheld, at any time by an instrument signed by an Authorized City Representative and filed with the Issuing and Paying Agent, the Bank and the Trustee. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected and assumed the duties of the Issuing and Paying Agent hereunder and the Letter of Credit has been transferred to the successor Issuing and Paying Agent in accordance with its terms.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor. The Issuing and Paying Agent shall make any representations and warranties to the City as may be reasonably requested by the City in connection with any such assignment.

The Issuing and Paying Agent shall, at all times, be a bank or trust company having an office in Chicago, Illinois, and shall at all times be a corporation or a national banking association organized and doing business under the laws of the United States of America or of any state with a combined capital and surplus of at least $50,000,000 and authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by Federal or state authority. If such corporation or national banking association publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation or national banking association into which any Issuing and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which any Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of any Issuing and Paying Agent shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under this Section, without the execution or filing of any document or further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

Section 7.04. Dealer. The City hereby appoints _____, as Dealer, and agrees that, at or prior to the time of issuance of the initial Commercial Paper Notes, the City will enter into a Dealer Agreement with Dealer. The City covenants that at all times prior to the Termination Date, it will maintain in effect one or more Dealer Agreements, pursuant to which each Dealer will agree to fulfill the duties and obligations of the Dealer as set forth in this Indenture and its Dealer Agreement.

ARTICLE VIII.

Trustee.

Section 8.01. Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article, to all of which the City agrees and the respective holders agree by their acceptance of delivery of any of the Notes.

Section 8.02. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee shall perform the duties set forth in this Indenture; no implied duties or obligations shall be read into this Indenture against the Trustee.

(c) Except during the continuance of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee shall examine the certificates and opinions, however, to determine whether they conform to the requirements of this Indenture.

(d) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from holders or the City in the manner provided in this Indenture.

(e) The Trustee shall not, by any provision of this Indenture, 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, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the holders of the Notes, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it to comply with such request or direction.

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to this Section.

(g) The Trustee shall not be deemed to have knowledge of an Event of Default unless it has received actual knowledge at the corporate trust office of the Trustee located in Chicago, Illinois.

Section 8.03. Rights of Trustee. Subject to the foregoing Section, the Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith in accordance therewith.

Section 8.04. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes, and may otherwise deal with the City with the same rights it would have if it were not Trustee. The Issuing and Paying Agent or any other agent may do the same with like rights.

Section 8.05. Trustee's Disclaimer. The Trustee shall not be accountable for the City's use of the proceeds from the Notes paid to the City and it shall not be responsible for any statement in the Notes.

Section 8.06. Notice of Defaults. If (i) an Event of Default has occurred, or (ii) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default, and, with respect to such events for which notice to the City is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining actual notice of such Event of Default or event described in clause (ii) above, give notice thereof to each holder and to the Issuing and Paying Agent. Except in the case of a default in payment on any Notes, the Trustee may withhold the notice if and as long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the holders.

Section 8.07. **Compensation of Trustee.** For acting under this Indenture, the Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture and the City agrees to pay such amounts to the Trustee. The City agrees to indemnify and hold the Trustee harmless against costs, claims, expenses and liabilities not arising from the Trustee's own negligence, misconduct or breach of duty, which the Trustee may incur in the exercise and performance of its rights and obligations

hereunder. Such obligation shall survive the discharge of this Indenture or the resignation or removal of the Trustee.

Section 8.08. Eligibility of Trustee. This Indenture shall always have a Trustee that is a trust company or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority, maintains a corporate trust office in Chicago, Illinois, and has a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

Section 8.09. Replacement of Trustee. The Trustee may resign by notifying the City in writing at least 60 days prior to the proposed effective date of the resignation. The holders of a majority in Outstanding principal amount of the Notes may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the City's consent. The City may remove the Trustee, by notice in writing delivered to the Trustee 60 days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing, or when an event has occurred and is continuing, or condition exists, which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If the Trustee resigns or is removed, or for any reason is unable or unwilling to perform its duties under this Indenture, the City shall promptly appoint a successor Trustee.

If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the holders of a majority in aggregate principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 8.10. Successor Trustee or Agent by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to another corporation which meets the qualifications set forth in this Indenture, the resulting, surviving or transferee corporation, without any further act, shall be the successor Trustee.

Section 8.11. Other Agents. The City, or the Trustee with the consent of the City, may from time to time appoint other agents as may be appropriate at the time to perform

duties and obligations under this Indenture or under a Supplemental Indenture all as provided by Supplemental Indenture or resolution or ordinance of the City.

Section 8.12. Several Capacities. Anything in this Indenture to the contrary notwithstanding, with the written consent of the City, the same entity may serve hereunder as the Trustee and any other agent as appointed to perform duties or obligations under this Indenture, under a Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.

Section 8.13. Accounting Records and Reports of the Trustee. The Trustee shall at all times keep, or cause to be kept, proper records in which complete and accurate entries shall be made of all transactions made by it relating to the Note Proceeds and all funds and accounts established pursuant to this Indenture. Such records shall be available for inspection by the City on each Business Day during reasonable business hours and by any holder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(a) The Trustee shall provide to the City each month a report of any Note Proceeds received during that month, if any, and the amounts deposited into each fund and account held by it under this Indenture and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts and the investments of each such fund and account.

(b) The Trustee shall annually, within a reasonable period after the end of the Fiscal Year, furnish to the City a statement (which need not be audited) covering receipts, disbursements, allocation and application of Note Proceeds, and any other moneys in any of the funds and accounts held by it established pursuant to this Indenture or any Supplemental Indenture for the preceding year.

ARTICLE IX

Events of Default and Remedies of Noteholders

Section 9.01. Events of Default. Each of the following events shall constitute and is referred to in this Indenture as an "Event of Default":

(a) a failure to pay the principal of any Commercial Paper Note when the same shall become due and payable;

(b) a failure to pay any installment of interest on any Commercial Paper Note when such interest shall become due and payable;

(c) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of this Section)

contained in the Commercial Paper Notes or in this Indenture on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more in aggregate principal amount of the Commercial Paper Notes then Outstanding (provided that in the case of a default with respect to the tax covenants in Section 6.01, the Series B Notes shall be deemed to be not Outstanding), unless the Trustee, or the Trustee and holders of Commercial Paper Notes in an amount not less than the Outstanding principal amount of Commercial Paper Notes the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the holders of such principal amount of Commercial Paper Notes, shall be deemed to have agreed to an extension of such period if such failure can be remedied, and corrective action is initiated by the City within such period and is being diligently pursued;

(d) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including, without limitation, proceedings under Chapter 9 or 11 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any Federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the City, and, if instituted against the City, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(e) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

If any Event of Default has occurred, but is subsequently cured or waived, then such Event of Default shall no longer constitute an Event of Default hereunder.

Section 9.02. Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more in aggregate principal amount of the Commercial Paper Notes then Outstanding (provided that in the case of a default with respect to the tax covenants in Section 6.01, the Series B Notes shall be deemed not to be Outstanding) and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust: (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Commercial Paper Noteholders, and require the City to carry out any agreements with or for the benefit of the Commercial Paper Noteholders and to perform its or their duties under any law to which it is subject and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Indenture; (ii) bring suit upon the Commercial Paper Notes; (iii) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Commercial Paper Noteholders; or (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Commercial Paper Noteholders.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Section 9.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee, and the Commercial Paper Noteholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.04. Commercial Paper Noteholders' Right To Direct Proceedings. Subject to Section 9.05 hereof, anything else in this Indenture to the contrary notwithstanding, the Bank and the holders of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture to be taken in connection with the enforcement of the terms of this Indenture or exercising any trust or power conferred on the Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Indenture; and provided, further, that with respect to any such direction by the holders of Commercial Paper Notes there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee. In the event of any conflict in the directions of the Bank and the holders of Commercial Paper Notes, the direction of the Bank shall control.

Section 9.05. Limitation on Right To Institute Proceedings. No Commercial Paper Noteholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Commercial Paper Note, unless such Commercial Paper Noteholder or Commercial Paper Noteholders previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided, and unless also holders of 25% or more in aggregate principal amount of the Commercial Paper Notes then Outstanding shall have made written request of the Trustee so to do, after the right to institute such suit, action or proceeding under Section 9.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Commercial Paper Noteholders shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Commercial Paper Notes, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Commercial Paper Noteholders.

Section 9.06. No Impairment of Right To Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Commercial Paper Noteholder to receive payment of the principal of and interest on such Noteholder's Commercial Paper Notes, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Commercial Paper Noteholder.

Section 9.07. Proceedings by Trustee Without Possession of Commercial Paper Notes. All rights of action under this Indenture or under any of the Commercial Paper Notes secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Commercial Paper Notes, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Commercial Paper Noteholders, subject to the provisions of this Indenture.

Section 9.08. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Commercial Paper Noteholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Commercial Paper Notes shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section.

Section 9.09. No Waiver of Remedies. No delay or omission of the Trustee or of any Commercial Paper Noteholder to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the Commercial Paper Noteholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10. Application of Moneys. Any moneys received by the Trustee, by any receiver or by any Commercial Paper Noteholder pursuant to any right given or action taken under the provisions of this Article (which shall not include moneys provided through the Letters of Credit, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including attorneys' fees), shall be applied as follows:

(a) first, to the payment to the Persons entitled thereto of all installments of interest then due on the Commercial Paper Notes and Bank Notes, with interest on overdue installments, if lawful, at the rate per annum borne by the Commercial Paper Notes or Bank Notes, as the case may be, in the order of maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment,

(b) second, to the payment to the Persons entitled thereto of the unpaid principal amount of any of the Commercial Paper Notes and Bank Notes which shall have become due with interest on such Commercial Paper Notes or Bank Notes, as applicable, at their respective rate from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Commercial Paper Notes due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the Persons entitled thereto, without any discrimination or privilege,

(c) third, to the payment to the Bank of any unpaid Bank Obligations (other than Bank Notes).

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by first-class United States mail, postage prepaid, to all Commercial Paper Noteholders, and shall not be required to make payment to any Commercial Paper Noteholder until such Commercial Paper Notes shall be presented to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 9.11. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and the Commercial Paper Noteholders, which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Noteholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture or by applicable law.

Section 9.12. Additional Events of Default and Remedies. As long as any particular Series of Commercial Paper Notes is Outstanding, the remedies as set forth in this Article may be supplemented with additional remedies as set forth in a Supplemental Indenture.

ARTICLE X.

Miscellaneous.

Section 10.01. Substitute Letter of Credit. Notwithstanding anything herein to the contrary, the City may obtain a substitute Letter of Credit to replace the Letter of Credit then in effect hereunder as long as said substitute Letter of Credit shall go into effect at least one Business Day prior to the termination of the Letter of Credit then in effect being substituted for; at no time may more than one Letter of Credit or substitute Letter of Credit secure the Notes.

The Expiration Date with respect to each substitute Letter of Credit shall be no earlier than the earlier of (i) six (6) months after its date, or (ii) the Expiration Date set forth in the Letter of Credit then in effect being substituted for. Each substitute Letter of Credit shall be in an amount sufficient to pay all principal and interest scheduled to be paid on all Commercial Paper Notes Outstanding hereunder as of the effective date of such substitute Letter of Credit. The following are further conditions to the Issuing and Paying Agent's ability to release an existing Letter of Credit and accept a substitute Letter of Credit therefor:

(a) The City shall deliver written notice of the proposed substitution to the Trustee, the Issuing and Paying Agent, the Bank and the Dealer not less than 45 days prior to the proposed substitution date.

(b) There shall be delivered to the City, the Trustee and the Issuing and Paying Agent written evidence from each Rating Agency then maintaining a rating on the Commercial Paper Notes secured by the Letter of Credit then in effect being substituted for that the substitution of such Letter of Credit will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes secured thereby being suspended, reduced or withdrawn.

(c) The Issuing and Paying Agent shall deliver written notice to the registered Owners of the Commercial Paper Notes secured thereby at least 30 days prior to the proposed substitution date. If any Outstanding Note secured thereby is in bearer form, the Trustee shall publish notice of the proposed substitution of such Letter of Credit in a newspaper of general circulation in the City at least 30 days prior to the proposed substitution date.

(d) An opinion or opinions of counsel to the successor Bank, satisfactory in form and substance to each Rating Agency then maintaining a rating on the Commercial Paper Notes to be secured thereby, shall be delivered to the effect that the substitute Letter of Credit is a legal, valid and binding obligation of the issuing Bank and is enforceable against the Bank in accordance with its terms.

(e) An opinion of Bond Counsel shall be delivered to the effect that the substitution of the Letter of Credit is authorized hereunder and (with respect to Notes other than taxable Notes) will not, in and of itself, adversely affect the exclusion from gross income for Federal tax purposes of interest on the Notes.

Section 10.02. Timeliness of Deposits. Funds shall be deemed transferred for purposes of timeliness of receipt under this Indenture when transfer instructions for transfer by Federal reserve wire have been given and a Federal wire number confirmation has been received; provided that the party to receive such funds shall not be required to take any action required to be taken hereunder with respect to such funds until it has confirmation of actual receipt of such funds.

Section 10.03. Waiver of Events of Default. No Event of Default with respect to the Commercial Paper Notes or the Bank Notes shall be waived unless after such waiver the reinstatement provisions of the affected Letters of Credit, if any, shall be in full force and effect.

Section 10.04. Defeasance of Commercial Paper Notes. Commercial Paper Notes shall not be deemed to have been paid in full unless payment of the principal of and interest on the Commercial Paper Notes either (a) shall have been made or caused to be made in accordance with the terms of the Commercial Paper Notes and this Indenture, or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (i) Available Moneys sufficient to make such payment, and/or (ii) noncallable Government Obligations purchased with Available Moneys, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment.

Section 10.05. Bank to Control Remedies. While the Letter of Credit is in effect notwithstanding anything else herein to the contrary, as long as the Bank is not Insolvent and is not in default under the Letter of Credit or the Reimbursement Agreement, no right, power or remedy with respect to the Commercial Paper Notes secured by such Letter of Credit may be pursued without the prior written consent of the Bank, and such Bank shall have the right to direct the Trustee to pursue any right, power or remedy available hereunder with respect to any assets available hereunder which secure only the Notes secured by such Letter of Credit.

Section 10.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment, or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day, or such action may be taken on the next Business Day, with the same effect as if payment were made, or the action taken, on the stated date, and no interest shall accrue for the intervening period.

Section 10.07. Notices to Rating Agencies. The Authorized City Representative shall provide the Rating Agencies with written notice of the occurrence of the following events: (i) changes in the Dealer or the Trustee, (ii) the appointment of a successor Issuing and Paying Agent, (iii) amendments to the Indenture, the Issuing and Paying Agent Agreement or the Reimbursement Agreement, (iv) the expiration, termination, substitution, extension or amendment of the Letter of Credit, and (v) the defeasance of all Outstanding Commercial Paper Notes.

Section 10.08. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the City, the Trustee, the Paying Agent, other agents from time to time hereunder, the holders of the Notes, and, to the limited extent provided by Section 10.05 of this Indenture, the Bank, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, such other agents, the holders of the Notes and, to the limited extent provided in Section 10.05 of this Indenture, the Bank.

ARTICLE XI.

Supplemental Indentures.

Section 11.01. Limitations. This Indenture shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Notes except as provided in, and in accordance with and subject to the provisions of, this Article.

Section 11.02. Supplemental Indentures Not Requiring Consent of Noteholders. The City may, and while the Letter of Credit is in effect and as long as the Bank is not Insolvent and has not failed to honor a properly presented and conforming drawing under the Letter of Credit, with the prior written consent of the Bank, from time to time and at any time, without the consent of or notice to the Noteholders, execute and deliver Supplemental Indentures supplementing and/or amending this Indenture or any Supplemental Indenture as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Indenture or any Supplemental Indenture, provided that such supplement or amendment is not materially adverse to the Noteholders;

(b) to add to the covenants and agreements of the City in this Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, provided that such supplement or amendment is not materially adverse to the Noteholders;

(c) to confirm, as further assurance, any interest of the Issuing and Paying Agent in and to the funds and accounts held by the Trustee or the Issuing and Paying Agent, or in and to any other moneys, securities or funds of the City provided pursuant to this Indenture, or to otherwise add additional security for the Noteholders;

(d) to evidence any change made in the terms of any Series of Notes if such changes are authorized by the Supplemental Indenture at the time the Series of Notes is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(f) to modify, alter, amend or supplement this Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Noteholders;

(g) to qualify the Notes or a Series of Notes for a rating or ratings by Moody's, S&P and/or Fitch;

(h) to accommodate the technical, operational and structural features of Notes which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate other forms of commercial paper, or other forms of indebtedness which the City from time to time deems appropriate to incur;

(i) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to preserve the exclusion from gross income for Federal income taxation of the interest on Notes issued as tax-exempt Notes; or

(j) to take effect only with respect to Notes issued on or after the effective date of the Supplemental Indenture accompanied by appropriate disclosure of the amendment or supplement.

Before the City shall, pursuant to this Section, execute any Supplemental Indenture, there shall have been delivered to the City an opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by this Indenture and applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, and will not cause interest on any of the Notes which is then excluded from gross income of the recipient thereof for Federal income tax purposes to be included in gross income for Federal income tax purposes.

Section 11.03. Supplemental Indentures Requiring Consent of Noteholders. Except for any Supplemental Indenture entered into pursuant to Section 11.02 hereof and any Supplemental Indenture entered into pursuant to subsection (b) below, subject to the terms and provisions contained in this Section and not otherwise, the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding shall have the right from time to time, and while the Letter of Credit is in effect, and, as long as the Bank is not Insolvent and has not failed to honor a properly presented and conforming drawing under the Letter of Credit, with the prior written consent of the Bank, to consent to and approve the execution by the City of any Supplemental Indenture deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all the Notes then Outstanding, or unless such change affects less than all Series of Notes and subsection (b) below is applicable, nothing herein contained shall permit, or be construed as permitting, (i) an extension in the stated maturity of any Outstanding Notes, or a change in the amounts or currency of payment of the principal of or interest on any Outstanding Notes, or (ii) a reduction in the principal amount or redemption price of any Outstanding Notes, or the rate of interest thereon; and provided that nothing herein contained, including the provisions of subsection (b) below, shall, unless approved in writing by the holders of all the Notes then Outstanding, permit or be construed as permitting (iii) except with respect to additional security which may be provided for a particular Series of Notes, a preference or priority of any Note or Notes over any other Note or Notes with respect to the security granted therefor under this Indenture, or (iv) a reduction in the aggregate principal amount of Notes the consent of the Noteholders of which is required for any such Supplemental Indenture. Nothing

herein contained, however, shall be construed as making necessary the approval by Noteholders of the execution of any Supplemental Indenture as authorized in Section 11.02 hereof.

(a) Subject to the provisions of Section 11.02 and 11.03(a) hereof, the City may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture. If such Supplemental Indenture is executed for one of the purposes set forth in Section 11.02 hereof, no notice to or consent of the Noteholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Notes Outstanding and Section 11.02 hereof is not applicable, then this subsection (b) rather than subsection (a) above shall control, and, subject to the terms and provisions contained in this Section and not otherwise, the holders of not less than a majority in aggregate principal amount of the Notes of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Notes of such Series; provided, however, that, unless approved in writing by the holders of all the Notes of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Notes of such Series, or (ii) a reduction in the principal amount or redemption price of any Outstanding Notes of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Noteholders of the adoption of any Supplemental Indenture as authorized in Section 11.02 hereof.

(b) If at any time the City shall desire to enter into any Supplemental Indenture for any of the purposes of this Section, the City shall cause notice of the proposed execution of the Supplemental Indenture to be given by first-class United States mail to the Bank and all Noteholders or, under subsection (b) above, the Bank and all Noteholders of the Series. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the City for inspection by all Noteholders, and it shall not be required that the Noteholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Noteholders approve the substance thereof.

(c) The City may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) any required consents, in writing, of the Bank and the Noteholders, and (ii) the opinion of Bond Counsel required by the last paragraph of Section 11.02 hereof.

(d) If Noteholders of not less than the percentage of Notes required by this Section shall have consented to and approved the execution and delivery thereof as herein provided, no Noteholders shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein

or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.04. Effect of Supplemental Indenture. Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article, this Indenture or the Supplemental Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture and the Supplemental Indenture of the City, the Trustee, the Issuing and Paying Agent, the Bank and all Noteholders shall thereafter be determined, exercised and enforced under this Indenture and the Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments.

Section 11.05. Supplemental Indentures To Be Part of This Indenture. Any Supplemental Indenture adopted in accordance with the provisions of this Article shall thereafter form a part of this Indenture or the Supplemental Indenture which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture or the Supplemental Indenture which they supplement or amend for any and all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first above written.

[SEAL]

ATTEST:

By: _____
City Clerk

[SEAL]

ATTEST:

By: _____
Its: _____

CITY OF CHICAGO

By: _____
Chief Financial Officer

_____
as Trustee

By: _____
Its: _____

(Sub)Exhibits "A", "B" and "C" referred to in this Trust Indenture read as follows:

(Sub)Exhibit "A".
(To Trust Indenture)

(Form Of Master Note)

City Of Chicago
Commercial Paper Notes
2002 Program Series ____.

Registered Owner: Cede & Co.

Principal Sum: Not to Exceed the Authorized Amount set forth below

The City of Chicago (the "City"), a municipality and a home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois, for value received, hereby promises to pay to the registered owner hereinabove named or registered assigns, the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of the City (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by _____, as issuing and paying agent (the "Issuing and Paying Agent") under that certain Issuing and Paying Agent Agreement, dated as of _____ 1, 2002, between the City and the Issuing and Paying Agent (the "Issuing and Paying Agent Agreement"). Interest on Series A Notes shall be calculated on the basis of actual days elapsed in a three hundred sixty-five (365) or three hundred sixty-six (366) day year, as the case may be, at the rate specified on the Underlying Records. Interest on Series B Notes shall be calculated on the basis of a three hundred sixty (360) day year and actual number of days elapsed, at the rate or yield specified on the Underlying Records. Payments shall be made from monies provided by the City and payments of drawings under an irrevocable, transferrable, direct-pay letter of credit of _____, by wire transfer to the registered owner stated hereinabove from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Master Note is one of a duly authorized issue of Commercial Paper Notes of the City (hereinafter called the "Notes") of the series and designation indicated on the face hereof. Said authorized issue of Notes consists of multiple series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture hereinafter mentioned provided, all issued and to be issued pursuant to the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois and an ordinance (the "C.P. Note Ordinance") duly adopted by the City Council of the City on _____, 2002. This Master Note evidences a series of Notes

designated as the "City of Chicago, Commercial Paper Note, 2002 Program Series ___" (hereinafter called the "Series __ Notes"). This Note is issued pursuant to the C.P. Note Ordinance and a Trust Indenture, dated as of _____ 1, 2002 (the "Indenture"), between the City and _____ as trustee (the "Trustee"), providing for the issuance of the Series A Notes and the Series B Notes in the aggregate principal amount outstanding at any time not to exceed Two Hundred Million Dollars ($200,000,000). The authorized issue of this Series Note is limited to the principal amount of Two Hundred Million Dollars ($200,000,000) reduced by the aggregate principal amount of Notes of the other series then outstanding under the Indenture and by the outstanding principal amount of "Auction Rate Securities" and "Variable Rate Securities" issued and outstanding under the C.P. Note Ordinance.

Reference is hereby made to the Indenture and the C.P. Note Ordinance for a description of the terms on which the Notes are issued and to be issued, and the rights of the registered owners of the Notes; and all the terms of the Indenture and the C.P. Note Ordinance are hereby incorporated herein and made a contract between the City and the registered owner from time to time of this Master Note, and to all the provisions thereof the registered owner of this Note, by its acceptance hereof, consents and agrees. Additional series of Notes may be issued on a parity with the Notes of this authorized series.

This Master Note, together with all other Notes, issued under the Indenture, are direct and general obligations of the City payable from any funds of the City legally available and annually appropriated for such purpose, including securities and monies held by the Trustee under the provisions of the Indenture. Pursuant to the Indenture, the City has covenanted and agreed to take all necessary action to annually appropriate funds in a timely manner so as to provide for the punctual payment of the principal of, redemption premium of and interest on all Notes issued under the Indenture; provided, however, that in no event will the City be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to pay such principal, redemption premium or interest.

At the request of the registered owner, the City shall promptly issue and deliver one (1) or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note. This Master Note is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal office of the Issuing and Paying Agent in Chicago, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Note. Upon such transfer a new fully registered Note or Notes of the same series designation, without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The City, the Trustee and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the City, the Trustee and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the City and of the registered owners of the Notes may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture and, under certain circumstances as described in the Indenture, without the consent of the holders of the Notes.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Master Note, and in the issuing of this Master Note, do exist, have happened and have been performed in due time, form and manner, and that this Master Note is not in excess of the amount of Notes permitted to be issued under the C.P. Note Ordinance.

This Master Note shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent. This Master Note is a valid and binding obligation of City.

In Witness Whereof, The City of Chicago, has caused this Master Note to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the Issuer and the seal of the Issuer to be impressed or imprinted hereon and attested by the manual or facsimile signature of the City Clerk of the Issuer, all as of the _____ day of _____, 2002.

City of Chicago

By: _____
Mayor

[Seal]

Attest:

By: _____
City Clerk

Certificate Of Authentication.

This Master Note is the Master Note described in the within Master Note and the within-mentioned Indenture.

Date of Authentication: _____

_____
as Issuing and Paying Agent

_____
Authorized Signature:

(Form Of Assignment)

Assignment.

For Value Received, The undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address) (Please Insert Social Security or other Taxpayer Identification Number of Assignee: _____) the within Master Note and all rights and title therein, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within Master Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____
(Registered Owner)

Notice: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Master Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("D.T.C."), to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of D.T.C. (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of D.T.C., Any Transfer, Pledge Or Other Use Hereof For Value Or Otherwise By Or To Any Person Is Wrongful inasmuch as the registered owner Hereof, Cede & Co., has an interest herein.

(Sub)Exhibit "B".
(To Trust Indenture)

(Form Of Bank Note)

City Of Chicago
Bank Note
(2002 Commercial Paper Program),
[Name Of Bank].

$_____ _____, _____

For Value Received, the Undersigned, City of Chicago (the "Borrower"), hereby promises to pay to the order of _____ (the "Bank"), at _____, in the manner and on the dates provided in the hereinafter defined Agreement in lawful money of the United States of America and in immediately available funds, the principal amount of _____ Dollars ($_____), or, if less, the aggregate unreimbursed amount of the Advances made by the Bank pursuant to the Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement dated as of _____ 1, 2002 (the "Agreement") between the Borrower and the Bank, as from time to time in effect.

The Borrower further promises to pay interest from the date hereof on the outstanding principal amount hereof and unpaid interest hereon from time to time at the rates and times and in all cases in accordance with the terms of the Agreement. The Bank may endorse its records relating to this Bank Note with appropriate notations evidencing the Advances and payments of principal hereunder as contemplated by the Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Agreement and that certain Trust Indenture dated as of _____ 1, 2002 between the Borrower and _____, as Trustee. The principal of this Bank Note is subject to prepayment in whole or in part in accordance with the terms of the Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Bank Note And The Obligations Of The Borrower Hereunder Shall For All Purposes Be Governed By And Interpreted And Determined In Accordance With The Laws Of The State Of Illinois (Excluding The Laws Applicable To Conflicts Or Choice Of Law).

In Witness Whereof, The Borrower has caused this Bank Note to be signed in its corporate name as an instrument under seal by its duly authorized officer on the date and in the year first above written.

City of Chicago

[Seal]

By: _____

Attest:

Name: _____
Chief Financial Officer

By: _____
City Clerk

(Sub)Exhibit "C".
(To Trust Indenture)

Form Of 2002 Program Series _____
Proceeds Fund Requisition.

Requisition Number _____.

To: _____

Re: Requisition of Funds from City of Chicago
Commercial Paper Notes, 2002 Programs
Series ____ Proceeds Funds

The amount requisitioned: $_____.

Payment to be made to: _____.

Manner in which payment is to be made: _____

The undersigned, an Authorized City Representative within the meaning of the Trust Indenture, dated as of _____ 1, 2002 (the "Indenture"), by and between the City of Chicago (the "City") and _____, as trustee (the "Trustee"), hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the Series ___ Proceeds Fund held under the Indenture, and directs that payment be made in the manner described above.

For Series A Projects or Purposes only: The amount to be paid represents a cost of the Series A Project or Purpose as described in a Tax Certificate of the City, and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate, dated _____ __, 2002, and relating to the Series A Notes issued under the Indenture.

For Series B Projects or Purposes only: The amount to be paid represents a cost of a Series B Project or Purpose.

Dated: _____ City of Chicago

By: _____
Authorized City Representative

Exhibit "B".
(To Ordinance)

Commercial Paper Dealer Agreement

Between

City Of Chicago

And

_____

Dated _____, 2002

Relating To

City Of Chicago
Commercial Paper Notes
2002 Program
Series A (Tax Exempt) And Series B (Taxable).

This Commercial Paper Dealer Agreement, dated _____ ___, 2002 (the "Agreement"), by and between the City of Chicago (the "Issuer") and _____ (the "C.P. Dealer").

For and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Background And Definitions.

(a) The Issuer has authorized the issuance and reissuance from time-to-time of its Commercial Paper Notes, 2002 Program, Series A (Tax Exempt) and Series B (Taxable) (the "Notes") in the aggregate principal amount not to exceed Two Hundred Million Dollars ($200,000,000) outstanding at any time.

(b) The Issuer has authorized the issuance of the Notes pursuant an ordinance duly adopted by the City Council of the Issuer on _____, 2002 (the "Ordinance") and the Trust Indenture dated as of _____ 1, 2002 (the "C.P. Indenture") by and between the Issuer and _____, as Trustee, relating to the Notes; and the Issuing and Paying Agent Agreement, dated as of _____ 1, 2002 (the "C.P. Paying Agent Agreement") by and between the Issuer and _____ (the "C.P. Paying Agent"). The Ordinance, the C.P. Indenture and the C.P. Paying Agent Agreement being herein sometimes referred to collectively in this Agreement as the "Authorizing Documents" (the "Authorizing Documents").

(c) _____ (the "Facility Issuing Party") has delivered a letter of credit (the "Facility") with respect to the Notes to _____ (the "Account Party") in accordance with the terms of the Authorizing Document and the Reimbursement Agreement dated as of _____, 2002 between the Issuer and the Facility Issuing Party (the "Facility Agreement") among the Issuer and the Facility Issuing Party.

(d) The Authorizing Documents provide for the appointment of a commercial paper dealer to perform certain duties, including the offering and sale from time-to-time of the Notes on behalf of the Issuer.

(e) _____ has agreed to accept the duties and responsibilities of the C.P. Dealer with respect to the Notes under the Authorizing Documents and this Agreement.

(f) Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Authorizing Documents.

Section 2. Appointment Of C.P. Dealer.

(a) Subject to the terms and conditions contained herein, the Issuer hereby appoints _____ as the C.P. Dealer for the Notes, and _____ hereby accepts such appointment.

(b) The C.P. Dealer shall act as non-exclusive dealer with respect to the Notes. The C.P. Dealer acknowledges that the Issuer may enter into agreements with other dealers in connection with the offering and sale of the Notes on behalf of the Issuer.

Section 3. Responsibilities Of C.P. Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, Merrill Lynch agrees to perform the duties of C.P. Dealer set forth in this Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the C.P. Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The C.P. Dealer shall use its best efforts to solicit and arrange sales of the Notes on behalf of the Issuer at such rates and maturities as may prevail from time to time in the market. The C.P. Dealer and the Issuer agree that any Notes which the C.P. Dealer may arrange the sale of or which, in the C.P. Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Authorizing Documents and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Authorizing Documents, the provisions of the Authorizing Documents shall be controlling.

(b) Notwithstanding anything to the contrary contained herein, the C.P. Dealer:

(i) will suspend its efforts with respect to the offer or sale of the Notes on behalf of the Issuer upon the receipt of notice of the occurrence of an event of default under the terms of the Notes, the Authorizing Documents, the Facility or the Facility Agreement; and

(ii) may, in its sole discretion, suspend its efforts with respect to the offer or sale of the Notes on behalf of the Issuer immediately upon the occurrence of any of the following events, which suspension will continue so long as, in the C.P. Dealer's reasonable judgment, such event continues to exist as to the Notes:

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities;

(3) the engagement by the United States in hostilities if the effect of such engagement, in the C.P. Dealer's judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Notes;

(4) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States or within a legislative body within the State of Illinois having jurisdiction over the issuance of the Notes, or a decision by a court of the United States or the State of Illinois shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject

matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") as then in effect, or the Securities Exchange Act of 1934, as amended (the "Exchange Act") as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Notes, or the Notes themselves, as contemplated hereby;

(5) any event shall occur or information shall become known, which, in the C.P. Dealer's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents provided to the C.P. Dealer in connection with the performance of its duties hereunder, whether provided pursuant to Section 8 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the Notes, or obligations of the general character of the Notes, any material restrictions not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the Issuer made hereunder shall not have been true and correct on the date made;

(8) the Issuer fails to observe any of the covenants or agreements made herein;

(9) any of the rating agencies then rating the Notes or the Facility Issuing Party shall either (i) downgrade the ratings assigned to either the Notes or the Facility Issuing Party so that such Notes are not "Eligible Notes" as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended or (ii) suspend or withdraw the then current ratings assigned to either the Notes or the Facility Issuing Party; or

(10) an actual or imminent default or a moratorium in respect of payment of any United States Treasury bills, bonds or notes the effect of which in the C.P. Dealer's judgment makes it impractical to market the Notes or to enforce contracts for the sale of the Notes.

Section 4. Transactions In Notes.

All transactions in Notes between the C.P. Dealer and the Issuer shall be in accordance with the Authorizing Documents, this Agreement, the Facility Agreement and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York

Clearinghouse, to the extent not inconsistent with the Authorizing Documents. As early as possible, but not later than 11:30 A.M. (Chicago time) on the day on which any Notes are to be issued, the C.P. Dealer shall notify the Issuer of the proposed final maturities, prices and interest rates (which interest rates shall not exceed _____% per annum) at which the C.P. Dealer will purchase or cause the purchase of the Notes, and provide the Issuer with any other information as required for delivery of such Notes. Except as described below, the C.P. Dealer shall not be obligated to purchase or cause the purchase of any Notes unless and until agreement has been reached in each case on the foregoing points and the C.P. Dealer has agreed to such purchase. Not later than 11:30 A.M. (Chicago time) on the date of each transaction, the C.P. Dealer shall either (a) confirm each transaction made with or arranged by it or (b) notify the Issuer and the C.P. Paying Agent of the difference, if any, between the amount of maturing Notes and the amount of Notes which the C.P. Dealer has arranged to sell or has agreed to purchase. Such confirmation or notification shall be given by telephone (or by other telecommunications medium acceptable to the Issuer) and in writing to the Issuer and the C.P. Paying Agent.

Section 5. Payment For Notes.

The C.P. Dealer shall pay for the Notes sold by the C.P. Dealer (or purchased by the C.P. Dealer for its own account) in immediately available funds by 1:15 P.M. (Chicago time) on the Business Day such Notes are delivered to the C.P. Dealer (provided that such Notes are so delivered to the C.P. Dealer by 1:15 P.M. (Chicago time) on such Business Day). All Notes will be sold at par, and will be evidenced either by (i) a global note immobilized with The Depository Trust Company of New York or (ii) if not, will be executed in the manner provided for in the C.P. Indenture.

Section 6. Designated Representative.

Note transactions with the Issuer, pursuant to Section 4 hereof, shall be with any one of the officers or employees of the Issuer who are designated as a Designated Representative by certificate signed by the Chief Financial Officer of the Issuer. The initial written designation of the Designated Representatives is appended hereto as Appendix A. The Issuer agrees to provide the C.P. Dealer with revised written designations in the form of Appendix A when and as required by changes in the Designated Representatives. The C.P. Dealer may rely upon such designation unless and until otherwise notified in writing by the Issuer.

Section 7. Resignation And Removal Of C.P. Dealer.

The C.P. Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the Issuer, the C.P. Trustee and the C.P. Paying Agent with thirty (30) days prior written notice. The C.P. Dealer may be removed at

any time, at the direction of the Issuer upon seven (7) days prior written notice to the C.P. Dealer and the C.P. Trustee and the C.P. Paying Agent. Upon removal or resignation of the C.P. Dealer, the Issuer shall promptly cause the C.P. Trustee and the C.P. Paying Agent to give notice thereof by mail to all owners of the Notes and to any rating agency which has assigned a rating to the Notes. The C.P. Dealer shall assign and deliver this Agreement to its successor if requested by the Issuer.

Section 8. Furnishing Of Disclosure Materials.

(a) The Issuer agrees to furnish the C.P. Dealer with as many copies as the C.P. Dealer may reasonably request of the Offering Memorandum dated _____, 2002 of the Issuer relating to the Notes (the "Offering Memorandum"), and such other information with respect to the Issuer and the Notes as the C.P. Dealer shall reasonably request from time to time.

(b) The Issuer agrees to cooperate with the C.P. Dealer in the preparation from time-to-time of a new Offering Memorandum for the Notes in the event the C.P. Dealer determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the Issuer of the Notes, and to furnish or to cause to be furnished to the C.P. Dealer as many copies of such new Offering Memorandum as the C.P. Dealer shall request.

(c) If, at any time during the term of this Agreement, any event shall occur or facts become known to either party that might affect the correctness or completeness (under standards applicable to letter of credit backed commercial paper) of any statement of a material fact contained in the then current Offering Memorandum, such party shall promptly notify the other in writing of the circumstances and details of such event.

(d) If any material adverse changes that may affect the offering and sale on behalf of the Issuer of the Notes or any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Notes, any Authorizing Document, the Facility or the Facility Agreement, the Issuer will promptly notify the C.P. Dealer by electronic means (telephone, facsimile communication or e-mail).

Section 9. Fees And Expenses.

For the C.P. Dealer's services under this Agreement, the Issuer will pay the C.P. Dealer a fee of _____ of one percent (_____%) per annum of the weighted average of the principal amount of Notes outstanding during each three (3) month period. The Issuer will pay the fee quarterly in arrears commencing _____ 1, 2002, and each March 1, June 1, September 1 and December 1 thereafter.

Section 10. Representations, Warranties, Covenants And Agreements Of The Issuer.

The Issuer, by its acceptance hereof, represents, warrants, covenants, and agrees with the C.P. Dealer that:

(a) it is a municipality and a home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois;

(b) it has full power and authority to take all actions required or permitted to be taken by the Issuer by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and any other instrument or agreement relating hereto to which the Issuer is a party;

(c) it has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of this Agreement, the Authorizing Documents, the Facility Agreement and any other instrument or agreement to which the Issuer is a party and which has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements and by the current Offering Memorandum;

(d) Offering Memoranda and supplements, amendments and updates to any thereof, furnished by the Issuer and used by the C.P. Dealer (including amendments, supplements and replacements thereof), until such time as they shall have been subsequently amended, updated or replaced, shall not, to the personal knowledge and belief of the Chief Financial Officer of the Issuer (or the officer who executes this Agreement on behalf of the Issuer, if other than the Chief Financial Officer) or the City Comptroller, contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, under common industry standards of disclosure applicable, as of the date of this Agreement, to letter of credit backed commercial paper, in light of the circumstances under which they were made, not misleading.

Section 11. Term Of Agreement.

This Agreement shall become effective on the date hereof and shall continue in full force and effect until the cessation of the Notes program, subject to the right of suspension and termination as provided herein.

Section 12. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 13. Dealing In Notes By The C.P. Dealer; No Obligation To Purchase Notes.

Notwithstanding anything to the contrary contained herein or elsewhere:

(a) The C.P. Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Notes, including, without limitation, any Notes offered and sold by the C.P. Dealer pursuant to this Agreement, and may join in any action which any owner of the Notes may be entitled to take with like effect as if it did not act in any capacity hereunder. The C.P. Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, account party, or agent for any committee or body of owners of the Notes or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the C.P. Dealer an underwriter of the Notes or to obligate the C.P. Dealer to purchase any Notes for its own account at any time.

Section 14. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to

The C.P. Dealer: _____
_____
_____

Attention: _____
Telephone: _____
Telecopy: _____

The Issuer:

City of Chicago
Chief Financial Officer
33 North LaSalle Street, Sixth Floor
Chicago, Illinois 60602
Attention: Walter K. Knorr

Telephone: (Omitted for printing purposes)
Telecopy: (Omitted for printing purposes)
E-mail: (Omitted for printing purposes)

The Issuing and Paying Agent:

_____
_____
_____

Attention: _____
Telephone: _____
Telecopy: _____
E-mail: _____

Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Notes merely because of such purchase. Neither the Facility Issuing Party nor any owner of the Notes or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the Issuer and the C.P. Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the C.P. Dealer or the Issuer, (ii) the offering and sale of and any payment for any Notes hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one (1) and the same document.

In Witness Whereof, The parties hereto have executed this Agreement as of the date first above written.

City of Chicago

By: _____
Name: Walter K. Knorr

Title: Chief Financial Officer

_____

By: _____
Name:

Title:

Appendix "A" referred to in this Commercial Paper Dealer Agreement reads as follows:

Appendix "A".
(To Commercial Paper Dealer Agreement)

Certificate Of Designated Representative.

I am the Chief Financial Officer of the City of Chicago (the "Issuer") duly authorized pursuant to an ordinance adopted by the City Council of the Issuer on _____

2002, as supplemented (the "Authorizing Document") to appoint Designated Representatives of the Issuer in connection with the issuance, from time to time, by the Issuer of commercial paper notes (the "Notes") in accordance with the Authorizing Document. I hereby designate the following persons to act on my behalf in accordance with the Authorizing Document and specimen signatures of such persons are set forth beside their names.

Designated Persons	Specimen Signature
_____	_____
_____	_____
_____	_____
_____	_____

Executed this _____ day of _____, _____.

Name: Walter K. Knorr

Title: Chief Financial

Exhibit "C".
(To Ordinance)

Issuing And Paying Agent Agreement.

This Issuing and Paying Agent Agreement (this "Agreement") is entered into as of _____ 1, 2002, by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, and _____ (the "Issuing and Paying Agent"), a _____ organized and existing under the laws of the _____. All capitalized terms used but not otherwise defined herein shall have the meanings specified in the Commercial Paper Indenture (as hereinafter defined).

Section 1. Appointment.

The City has appointed _____ and _____ hereby accepts such appointment, as the Issuing and Paying Agent in connection with the issuance and payment of up to Two Hundred Million Dollar ($200,000,000) aggregate principal amount of City of Chicago, Commercial Paper Notes, 2002 Program, Series A (Tax Exempt) and Series B (Taxable) (the "Commercial Paper Notes"), pursuant to that certain Trust Indenture, dated as of _____ 1, 2002 (the "Commercial Paper Indenture"), providing for the issuance of the Commercial Paper Notes in such Series. Such Commercial Paper Notes are to be initially issued in book-entry form only and are to be initially evidenced by Master Note Certificates (the "Master Note Certificates") in the form attached to the Commercial Paper Indenture as (Sub)Exhibit A.

The Issuing and Paying Agent agrees to observe and perform its duties and obligations hereunder and under the Commercial Paper Indenture. Without limiting the generality of the foregoing, the Issuing and Paying Agent shall establish and maintain the Commercial Paper Bank Payment Account, the Commercial Paper Debt Service Account and the Bank Note Debt Service Account, and all required subaccounts therein. The Issuing and Paying Agent agrees to provide to the City and the Trustee a monthly report on the first (1st) business day of each month, which report shall set forth such information regarding the authentication and issuance of Commercial Paper Notes during the prior month, as the City and the Issuing and Paying Agent shall have agreed upon.

The Issuing and Paying Agent agrees to keep such books and records, including, without limitation, a complete record of all Issuance Requests, as shall be consistent with industry practice and as may reasonably be requested by the City, and to make such books and records available for inspection by the City, the Trustee and the Bank, such books and records to be available on each business day during reasonable business hours, and, if so requested, to send copies of such books and records to the City, the Trustee or the Bank (at their expense), as applicable.

Section 2. Certificate Agreement.

The City acknowledges that (i) the Issuing and Paying Agent has previously entered into a commercial paper certificate agreement (the "Certificate Agreement") with The Depository Trust Company, New York, New York ("D.T.C."), and (ii) the continuation in effect of the Certificate Agreement is a necessary prerequisite to the Issuing and Paying Agent's providing services related to the issuance and payment of the Commercial Paper Notes while the Commercial Paper Notes are in book-entry only form and D.T.C. is the Note Depository.

Section 3. Letter Of Representations; Commercial Paper Indenture; Designated Representatives.

Prior to the issuance of any Commercial Paper Notes, the City shall deliver to Issuing and Paying Agent an executed Letter of Representations (the "Letter of Representations"), a copy of which is attached hereto a (Sub)Exhibit A. The Letter of Representations, when executed by the City, the Issuing and Paying Agent and D.T.C., shall supplement the provisions of this Agreement, and the City and the Issuing and Paying Agent shall be bound by the provisions of the Letter of Representations, to the extent not inconsistent with the provisions of the Commercial Paper Indenture.

The City has delivered to the Issuing and Paying Agent (a) a certified copy of the Commercial Paper Indenture, which copy is attached hereto a (Sub)Exhibit B, (b) a certified original Certificate of the Chief Financial Officer setting forth the Authorized City Representatives (the "Certificate of Chief Financial Officer"), containing the name, title and true signature of those officers and employees of the City designated by the City as an Authorized City Representative, and (c) a certified original of a Certificate of an Authorized City Representative setting forth the Designated Representatives (the "Certificate of Authorized City Representative" and, together with the Certificate of Chief Financial Officer, the "Certificates"), containing the name, title and true signature of those officers and employees of the City authorized, pursuant to the Commercial Paper Indenture, to take action with respect to the Commercial Paper Notes, which Certificates are attached hereto as (Sub)Exhibit C. The City agrees to provide the Issuing and Paying Agent with revised Certificates when there are changes in the Authorized City Representatives or Designated Representatives. Until the Issuing and Paying Agent receives any subsequent Certificate, the Issuing and Paying Agent shall be entitled to rely on the last Certificate delivered to it for the purpose of determining the Authorized City Representatives or Designated Representatives.

Section 4. Master Note Certificate.

Prior to the issuance of any Commercial Paper Notes, the City shall deliver to the Issuing and Paying Agent the Master Note Certificates evidencing the Commercial Paper Notes. Such Master Note Certificates shall be duly executed, specify the date of issuance, the series of Commercial Paper Notes, and be registered in the name of Cede & Co., as nominee of D.T.C., all as provided in the Commercial Paper Indenture.

Section 5. Issuance Requests.

Issuance Requests shall be in the form attached hereto as (Sub)Exhibit D. Issuance Requests may be delivered by a Designated Representative through a electronic instruction and reporting communication service offered by either the Dealer or the Issuing and Paying Agent pursuant to Section 10 hereof, in each case received by the Issuing and Paying Agent at the address specified in Section 17 hereof prior to 11:30

A.M. (Chicago, Illinois time) on the day on which such Issuance Request is to be operative.

If the Issuing and Paying Agent, at its option, acts upon an Issuance Request received after 11:30 A.M. (Chicago, Illinois time) on the day on which the Issuance Request is to be operative, the City understands and agrees that (a) such Issuance Request shall be acted upon a best efforts basis, and (b) the Issuing and Paying Agent makes no representation or warranty that the issuance and delivery of any Commercial Paper Note pursuant to such Issuance Request shall be completed prior to the close of business on such date.

Any Issuance Request given by telephone shall be confirmed to the Issuing and Paying Agent in writing, either by regular mail (upon receipt), electronic transmission or facsimile, by a Designated Representative prior to 1:00 P.M. (Chicago, Illinois time) in the form of (Sub)Exhibit D hereto on the day on which such Issuance Request is to be operative.

Notwithstanding anything herein to the contrary, upon receipt of a notice from the Bank under the Reimbursement Agreement in the form described in Section [9.02] of the Reimbursement Agreement (a "No-Issuance Notice"), the Issuing and Paying Agent shall cease issuing Commercial Paper Notes until such time as the Bank shall have retracted (by delivery of a written notice to the Issuing and Paying Agent) such No-Issuance Notice.

Section 6. Issuance.

The Issuing and Paying Agent's duties and responsibilities in connection with the issuance of the Commercial Paper Notes shall include:

(a) holding the Master Note Certificates in safekeeping and completing or causing to be completed, each Master Note as to amount, date, maturity date, interest rate and interest amount upon receipt of Issuance Requests in accordance with the Commercial Paper Indenture;

(b) (1) verifying that the aggregate principal amount of Commercial Paper Notes described in each Issuance Request (together with the interest thereon), plus the aggregate principal amount of all Commercial Paper Notes then outstanding (together with the interest thereon), less the aggregate principal amount of any of the then Outstanding Commercial Paper Notes to be retired concurrently with the issuance of the Commercial Paper Notes described in the Issuance Request (including interest thereon), does not exceed the amount available to be drawn under the Letter of Credit securing such Commercial Paper Notes, and (2) assigning to each Issuance Request received from the City a C.U.S.I.P. Number;

(c) causing to be delivered a Commercial Paper Note on behalf of the City upon receipt of instructions from a Designated Representative of the City, as to the series, principal amount, registered owner, date of issue, maturity date (which shall be no more than two hundred seventy (270) days from the date of issuance thereof) and interest rate, (if applicable) by way of data entry transfer to the D.T.C. M.M.I. Same Day Funds Settlement System ("S.D.F.S."), and to receive from S.D.F.S a confirmation receipt that such delivery was effected;

(d) if instructed by an Authorized City Representative, crediting the proceeds of sales of the Commercial Paper Notes to the appropriate subaccount within the Bank Payment Account established with the Issuing and Paying Agent pursuant to the Commercial Paper Indenture in an amount equal to the unreimbursed Advances made by the Bank to pay principal of or interest on the Commercial Paper Notes of such Series;

(e) transferring to the Trustee for deposit in the Proceeds Fund any remaining proceeds of the sale of the Commercial Paper Notes after the credits pursuant to subsection (d) above; and

(f) holding the amounts on deposit in the appropriate subaccount of the Bank Payment Account separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and applying such amounts in accordance with the terms hereof and of the Commercial Paper Indenture.

The Issuing and Paying Agent shall have no duty or responsibility to make any transfer of the proceeds of the sale of the Commercial Paper Notes, or to advance any monies or effect any credit with respect to such proceeds or transfers unless and until the Issuing and Paying Agent has actually received the proceeds of the sale of the Commercial Paper Notes.

Section 7. Payment.

The Issuing and Paying Agent's duties and responsibilities in connection with the payment of the Commercial Paper Notes shall include:

(a) upon presentment at maturity of a Commercial Paper Note, paying the principal of and interest on the Commercial Paper Note to the Owner thereof;

(b) making the necessary and timely drawings under the Letter of Credit in accordance with the terms and provisions thereof in order to effectuate the timely payment of principal and interest on the Commercial Paper Notes as the same become due;

(c) crediting amounts received from the City for the payment of the principal of or interest on the Commercial Paper Notes to the related Series subaccount of the Bank Payment Account;

(d) crediting amounts received from the Bank as a result of drawings under the Letter of Credit to the Commercial Paper Debt Service Account; and

(e) keeping amounts on deposit in the Commercial Paper Debt Service Account separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and utilizing such amounts in accordance with the terms hereof and of the Commercial Paper Indenture.

In making draws under the Letter of Credit, the Issuing and Paying Agent shall be acting solely on behalf and for the benefit of the Owners of the Commercial Paper Notes, and not as agent of the City.

The Issuing and Paying Agent shall have no obligation to pay amounts due on the Commercial Paper Notes at their maturity other than from funds received by the Issuing and Paying Agent from, or for the account of, the City, or from draws under the Letter of Credit.

Section 8. Bank Notes.

(a) The City agrees from time to time to instruct the Trustee to furnish the Issuing and Paying Agent with an adequate supply of executed Bank Notes, which are in form satisfactory to comply with the provisions of the Commercial Paper Indenture and which are serially numbered and executed by facsimile signatures in accordance with the Commercial Paper Indenture, with the principal amount, date of issue, maturity date and Owner left blank. The Issuing and Paying Agent agrees to hold the unissued Bank Notes in safekeeping for the account of the City in accordance with the customary practice of the Issuing and Paying Agent.

(b) Upon receipt of written notice from the Bank that an Advance made by the Bank has not been reimbursed on the day thereof and of the certificate of an Authorized City Representative, the Issuing and Paying Agent agrees to withdraw the necessary Bank Note(s) from safekeeping and, in accordance with such notice and certificate, agrees to:

(i) complete each Bank Note as to principal amount, date of issue, series and maturity date in accordance with the Commercial Paper Indenture, register such Bank Note in the name of the Bank and record each payment and prepayment on the schedule attached thereto;

(ii) manually authenticate each Bank Note by any officer or employee duly authorized and designated for such purpose;

(iii) deliver the Bank Note(s) to or upon the order of the Bank; and

(iv) promptly deliver one (1) nonnegotiable copy of each Bank Note to the City.

(c) The Issuing and Paying Agent shall credit amounts received from the City for payment of the principal of and interest on Bank Notes to the Bank Note Account.

Section 9. Notice.

The Issuing and Paying Agent's duties and responsibilities in connection with providing notification of certain matters described in the Commercial Paper Indenture shall include:

(a) notification by 4:00 P.M. (Chicago, Illinois time) one (1) Business Day prior to the maturity date of any Commercial Paper Notes to the City of the total amount due with respect to such maturing Commercial Paper Notes;

(b) notification by 2:00 P.M. (Chicago, Illinois time) on the maturity date of any Commercial Paper Notes to the City, if funds held in the Bank Payment Account on such maturity date, together with the proceeds of Commercial Paper Notes to be issued on such date, are insufficient to repay an Advance made pursuant to a Reimbursement Agreement in connection with the maturity of such Commercial Paper Notes, which notification shall specify the amount of the deficiency;

(c) notification by 3:00 P.M. (Chicago, Illinois time) on the maturity date of any Commercial Paper Notes to the Bank, if insufficient funds have been deposited in the Series Bank Payment Accounts to reimburse the Bank for an Interest Advance made on such day;

(d) monthly notification to the City on the first (1^{st}) business day of each month stating the amount of interest paid on Commercial Paper Notes during the prior month; and

(e) any notification to be provided by the Issuing and Paying Agent as specified in the Commercial Paper Indenture.

Section 10. Operating System.

Issuance Requests may be delivered by a Designated Representative through either the Dealer's or the Issuing and Paying Agent's commercial paper electronic instruction and reporting communication service (each a "System", and collectively the "Systems"). Electronic instructions must be transmitted in accordance with the procedures furnished by the either the Dealer or the Issuing and Paying Agent, as applicable, to the

City in connection with the Systems. These transmissions shall be the equivalent to the giving of a written Issuance Request to the Issuing and Paying Agent. If either System is inoperable at any time, a Designated Representative may deliver written, telephone or facsimile instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties.

Section 11. Representations.

(a) The City represents to the Issuing and Paying Agent that this Agreement, the Commercial Paper Notes and the Bank Notes have been duly authorized, and that this Agreement, when executed, and the Commercial Paper Notes and the Bank Notes, when issued in accordance with the Issuance Requests and the Commercial Paper Indenture, will be valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and to equitable principles when equitable remedies are sought.

(b) The City represents to the Issuing and Paying Agent that each Commercial Paper Note and each Bank Note issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended.

Each Issuance Request to issue Commercial Paper Notes under this Agreement and the Commercial Paper Indenture shall be deemed a representation by the City as of the date thereof that such issuance conforms in all respects to the requirements of the Commercial Paper Indenture and this Agreement, and that the representations herein are true and correct as if made on and as of such date.

Section 12. Additional Information.

Upon the reasonable request of the City, the Trustee or the Bank, as applicable, given at any time and from time to time, the Issuing and Paying Agent agrees promptly to provide the City, the Trustee or the Bank, as applicable, with information with respect to the Commercial Paper Note(s), including, without limitation, the Bank Notes, issued and paid hereunder. Such request shall be in written form and shall include the principal amount, date of issue, maturity date, interest rate and amount of interest, as applicable, of each Commercial Paper Note which has been issued or paid by the Issuing and Paying Agent, and for which the request is being mace.

Section 13. Compensation.

The City agrees to pay compensation for the Issuing and Paying Agent's services pursuant to this Agreement in accordance with the Issuing and Paying Agent's fee

schedule, as amended from time to time, and to reimburse the Issuing and Paying Agent for such disbursements (including the reasonable fees and expenses of counsel). The City shall also reimburse the Issuing and Paying Agent for any fees and charges imposed by the Note Depository with respect to Commercial Paper Notes issued in book-entry form.

Section 14. Liability.

The City agrees that the Issuing and Paying Agent shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the City or the Issuing and Paying Agent as a result of (a) the Issuing and Paying Agent's having duly executed Issuance Requests in good faith in accordance therewith and with the Commercial Paper Indenture and this Agreement, except to the extent, if any, that such execution constitutes negligence by the Issuing and Paying Agent; (b) the Issuing and Paying Agent's improperly executing or failing to execute any Issuance Requests because of any material error contained in information provided by the City to the Issuing and Paying Agent for the purpose of preparing such Issuance Request, failure of communications media or any other circumstances beyond the Issuing and Paying Agent's control; (c) the actions or inactions of D.T.C. or any broker, dealer, consignee or agent not selected by the Issuing and Paying Agent; or (d) any other acts or omissions of the Issuing and Paying Agent (or of any of its agents, directors, officers, employees or correspondents) relating to this Agreement or the transactions or activities contemplated hereby, except to the extent, if any, that such other acts or omissions constitute negligence or willful misconduct by the Issuing and Paying Agent. This section shall survive any termination of this Agreement, the issuance and payment of any Note(s) and the resignation or removal of the Issuing and Paying Agent.

Section 15. Indemnity.

The City agrees to indemnify and hold the Issuing and Paying Agent, its employees and any of its officers and agents harmless from and against, and the Issuing and Paying Agent shall not be liable for, any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses of any nature (including, without limitation, attorneys' fees and expenses) arising out of or resulting from the exercise of its rights and/or the performance of its duties (or those of its agents and employees) hereunder; provided, however, that the City shall not be liable to indemnify or pay the Issuing and Paying Agent or any of its officers or employees with respect to any loss, liability, action, suit, judgment, demand, damage, cost or expense that results from or is attributable to the Issuing and Paying Agent's negligence or willful misconduct or that of its officers or employees. The foregoing indemnity includes, but is not limited to, any action taken or omitted to be taken by the Issuing and Paying Agent or any of its officers or employees upon written, telecopy, telephonic or other electronically transmitted instructions (authorized herein) received by the Issuing and Paying Agent from, or believed by it in good faith to have been given

by, an Authorized City Representative or Designated Representative. The provisions of this section shall survive (i) the Issuing and Paying Agent's resignation or removal hereunder, and (ii) the termination of this Agreement.

Section 16. Termination.

Subject to the terms of the Commercial Paper Indenture, either the Issuing and Paying Agent or the City may terminate this Agreement at any time, upon not less than sixty (60) days prior written notice in the case of the Issuing and Paying Agent, and upon written notice in the case of the City, to the other and to the Trustee and the Bank. No such termination shall affect the rights and obligations of the City and the Issuing and Paying Agent which have accrued under this Agreement prior to termination. No termination can occur prior to (1) a substitute Issuing and Paying Agent being appointed by the City and assuming its duties under the Commercial Paper Indenture, and (2) the Letter of Credit being transferred to the substitute Issuing and Paying Agent. If no substitute Issuing and Paying Agent has been appointed at the end of the sixty (60) day period, then the Issuing and Paying Agent may petition a court of competent jurisdiction to make such appointment.

Section 17. Addresses.

Issuance Requests hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, and/or (d) transmitted electronically to the Issuing and Paying Agent at the address, telephone number and/or facsimile number specified below, and shall be deemed delivered upon receipt by the Issuing and Paying Agent at the address, telephone number and/or facsimile number specified below.

All notices, requests, demands, including any No Issuance Notices and other communications hereunder (excluding Issuance Requests) shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand (against receipt), (b) by facsimile, or (c) three (3) days after such notice, request, demand or other communication is delivered to a United States Post Office certified mail (against receipt) or by regular mail (upon receipt) to the party and at the address set forth below or at such other address as a party may designate by written notice:

(a) If To The City:

City of Chicago
33 North LaSalle Street, 6th Floor
Chicago, Illinois 60602
Attention: Chief Financial Officer

(b) If To The Issuing and Paying Agent: _____

_____

_____

(c) If To The Bank: to the address set forth in the Reimbursement Agreement

Section 18. Miscellaneous.

(a) Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of Illinois.

(b) Assignment, Modification And Amendment; Issuing And Paying Agent's Successor In Interest. This Agreement may not be assigned by either the City or the Issuing and Paying Agent, and may not be modified, amended or supplemented except by a writing or writings duly executed by the duly authorized representatives of the City and the Issuing and Paying Agent. Anything in this Agreement to the contrary notwithstanding, any corporation or national banking association into which the Issuing and Paying Agent may be merged or converted, or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which the Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of the Issuing and Paying Agent, shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under Section 7.03 of the Commercial Paper Indenture, without the execution or filing of any document or the undertaking of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

(c) Complete Agreement. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof, and all prior agreements, understandings, representations, statements, promises, inducements, negotiations and undertakings between the parties with respect to said subject matter are superseded hereby. In the event of any inconsistency between the provisions hereof and the Commercial Paper Indenture, the provisions of the Commercial Paper Indenture shall govern.

(d) Singular Plural And Gender References. With respect to all references of the Commercial Paper Indenture shall govern herein to nouns, insofar as the context requires, the singular form shall be deemed to include the plural, the plural form shall be deemed to include the singular, and the neuter, masculine and feminine genders shall be deemed to refer to all such genders. The words "hereof", "herein", "hereby" and "hereunder" and words of similar import, refer to this Agreement as a whole.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

(f) Section Headings. Section headings in this Agreement are for convenience of reference only, shall not constitute part of this Agreement and shall not be used to construe the meaning or intent of the provisions hereof.

(g) Waiver Of Set-Off, Offset Lien Or Counterclaims. The Issuing and Paying Agent hereby waives to the fullest extent possible under applicable law any and all rights of set-off, offset, lien or counterclaim it may have with respect to any amounts held by it in the Bank Payment Account, the Bank Note Account and the Commercial Paper Debt Service Account by reason of any claim it may have against the City, the Trustee, the Bank or any other person.

(h) Benefit Of Agreement. This Agreement is solely for the benefit of the parties hereto and the owners of the Commercial Paper Notes and the Bank Notes, and no other person shall acquire or have any right under or by virtue hereof.

In Witness Whereof, The parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

City of Chicago

By: _____
Chief Financial Officer

[Seal]

Attest:

_____
City Clerk

_____,
as Issuing and Paying Agent

By: _____

Its: _____

[(Sub)Exhibits "A" and "B" referred to in this Issuing and Paying Agent Agreement unavailable at time of printing.]

[(Sub)Exhibit "C" referred to in this Issuing and Paying Agent Agreement constitutes Appendix "A" to the Commercial Paper Dealer Agreement and is printed on pages 83150 through 83151 of this *Journal*.]

(Sub)Exhibit "D" referred to in this Issuing and Paying Agent Agreement reads as follows:

(Sub)Exhibit "D".
(To Issuing And Paying Agent Agreement)

Issuance Request
(2002 Program).

The undersigned, a Designated Representative of the City of Chicago (the "City") does hereby request _____, as Issuing and Paying Agent (the

"Issuing and Paying Agent") under the Issuing and Paying Agent Agreement, dated as of _____ 1, 2002 (the "Issuing and Paying Agent Agreement"), between the City and the Issuing and Paying Agent, to issue Commercial Paper Notes as follows:

1. Date of Issuance: _____

2. Principal Amount:

   A. Series A (Tax Exempt)

   Refunding Notes, 2002 Program Series A $_____

   New Money Notes, 2002 Program Series A $_____

   B. Series B (Taxable)

   Refunding Notes, 2002 Program Series B $_____

   New Money Notes, 2002 Program Series B $_____

   Total Principal Amount and Purchase Price for Notes $_____

3. *Terms of Series A Notes (Tax Exempt):

Maturity Date	Principal Amount	Interest Rate	Interest Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* To be completed by 11:30 A.M. (Chicago, Illinois time) on the Date of Issuance specified in Paragraph 1.

4. *Terms of Series B Notes (Taxable):

Maturity Date	Principal Amount	Interest Rate	Interest Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

5. Pursuant to Section 2.06(b) of that certain Trust Indenture, dated as of _____ 1, 2002 (the "Indenture"), by and between the City and _____ as trustee, relating to Commercial Paper Notes, 2002 Program, the undersigned hereby certifies as follows:

(i) a Letter of Credit with respect to the Series ___ Notes is in full force and effect;

(ii) after the issuance of Commercial Paper Notes as requested hereby and the application of proceeds thereof, the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the amount currently authorized to be Outstanding under the Indenture as provided in Section 2.0 1(b) thereof;

(iii) the issuance of Commercial Paper Notes, Series A requested hereby, if refunding notes issued under the 2002 Program, will be applied to pay $_____ of Commercial Paper Notes, Series A maturing on the date hereof and will not be used to pay any Commercial Paper Notes, Series B;

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* To be completed by 11:30 A.M. (Chicago, Illinois time) on the Date of Issuance specified in Paragraph 1

(iv) the issuance of Commercial Paper Notes, Series B requested hereby, if refunding notes issued under the 2002 Program, will be applied to pay $_____ of Commercial Paper Notes, Series B maturing on the date hereof and will not be used to pay any Commercial Paper Notes, Series A;

(v) the aggregate principal amount of Commercial Paper Notes described in this Issuance Request (together with the interest thereon), plus the aggregate principal amount of all Commercial Paper Notes currently outstanding (together with the interest thereon), less the aggregate principal amount of any of the currently Outstanding Commercial Paper Notes to be retired concurrently with the issuance of the Commercial Paper Notes described in this Issuance Request (including interest thereon), does not exceed the amount available to be drawn under the Letter of Credit securing such Commercial Paper Notes;

(vi) unless interest on the Commercial Paper Notes to be issued is taxable, to the City's knowledge there has been no change in the facts, estimates, circumstances and representations of the City set forth or made (as the case may be) in each Tax Certificate applicable to the Commercial Paper Notes being issued and to the extent that Note Proceeds are being deposited to the Proceeds Fund or are being used during the eighteen (18) month period described in the Tax Certificate to reimburse interest on Commercial Paper Notes then maturing, a certificate regarding the use of such proceeds, as required by the Tax Certificate, is attached hereto as Attachment A;

(vii) the term to maturity of the Commercial Paper Notes to be delivered does not exceed two hundred seventy (270) days, and the maturity dates of such Commercial Paper Notes set forth herein do not extend beyond the Termination Date of the Letter of Credit securing such Commercial Paper Notes;

(viii) the City has not been notified by Bond Counsel that its opinion with respect to the validity of the Commercial Paper Notes and, unless interest on the Commercial Paper Notes is to be taxable, the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or substitute opinion has not been revised or withdrawn;

(ix) to the actual knowledge of the City, no Event of Default has occurred and is now continuing;

(x) $_____ of Note Proceeds shall be deposited into the appropriate subaccount of the Bank Payment Account;

$_____ of Note Proceeds shall be deposited into the appropriate account of the Proceeds Fund; and

$_____ of funds shall be deposited by the City into the appropriate subaccount of the Bank Payment Account to reimburse interest currently payable on maturing Commercial Paper Notes; and

(xi) all of the conditions precedent to the issuance of Commercial Paper Notes set forth in Section 2.06 of the Indenture have been satisfied.

All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

Date: _____ City of Chicago

Request Number: _____

By _____
Designated Representative

[Attachment "A" referred to in this Issuance Request unavailable at time of printing.]

Exhibit "D".
(To Ordinance)

Indenture Of Trust

Between

City Of Chicago

And

[Name Of Trustee]

As Trustee

Relating To

$_____

City Of Chicago, Illinois
Auction Rate Bonds,
Series ____

Dated As Of _____, 2002.

THIS INDENTURE OF TRUST, made and entered into as of _____, 2002 (this "Indenture"), by and between the CITY OF CHICAGO (the "Issuer"), a municipal corporation and a home rule unit of local government of the State of Illinois, and [NAME OF TRUSTEE], as Trustee (the "Trustee"), a banking corporation, with its principal corporate trust office located in _____, _____.

WITNESSETH:

WHEREAS, the Issuer is a municipal corporation and a home rule unit of local government of the State of Illinois, in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by an ordinance of the Issuer adopted on _____, 2002; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal direct and general obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time of the Bonds, as follows:

ARTICLE I

Definitions and Rules of Interpretation

Section 1.01. Rules of Interpretation. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(A) All references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture.

(B) The words "herein," "hereof," "hereto," "hereby," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(C) The terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular.

(D) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(E) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction," "instruction" or similar action hereunder by the Issuer shall, unless the form thereof is specifically provided, be in writing signed by the Authorized Issuer Representative.

(F) All other terms used herein which are defined in the Auction Procedures shall have the same meanings assigned them in the Auction Procedures unless the context otherwise requires.

Section 1.02. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Administrative Expenses" means the reasonable and necessary expenses (including the reasonable and necessary out-of-pocket expenses and fees of Counsel) incurred by the Issuer in connection with the Bonds, this Indenture and any transaction or event contemplated by the Agreement or this Indenture.

"Auction Procedures" shall mean with respect to the Bonds during an Auction Rate Period the procedures set forth in Appendix B to this Indenture.

"Authorized Denominations" means with respect to any Term Rate Period, $5,000 and any integral multiple thereof; with respect to any Daily Rate Period or Weekly Rate Period, $100,000 and any integral multiple of $5,000 in excess thereof; with respect to any Flexible Rate Period, $100,000 and any integral multiple of $5,000 in excess thereof; and with respect to any Auction Rate Period, $25,000 and any integral multiple thereof.

"Beneficial Owner" means the owner of a Bond or portion thereof for federal income tax purposes.

"Bond" or "Bonds" means any one or more of the bonds authorized, authenticated and delivered under this Indenture.

"Bond Fund" means the fund created by Section 6.02 hereof.

"Bond Fund Requirement" means, as of any date of calculation, an amount equal to the sum of (i) the interest on the Bonds accrued and unpaid; (ii) the interest on the Bonds to accrue to the first Business Day of the next month calculated at the then current rate to the end of the then current Rate Period and thereafter at the rate of [18]% per annum; (iii) the principal of the Bonds then due and unpaid; and (iv) if principal of the Bonds matures within one year of the first Business Day of the next month, that portion of the principal next due that would have accrued to the first Business Day of the next month if deemed to accrue daily from a date one year prior to its due date.

"Bondholder" or "holder" or "Owner" or "owner of Bonds" means the Person or Persons in whose name or names a Bond shall be registered on books of the Issuer kept by the Registrar for that purpose in accordance with the terms of this Indenture.

"Bond Insurance Policy" means the financial guaranty insurance policy, including the endorsements thereto, issued by the Bond Insurer guaranteeing payment of principal of and interest on the Bonds.

"Bond Insurer" means _____, a _____, or any successor thereto.

"Book Entry Bond" means a Bond authorized to be issued to and restricted to being registered in the name of a Securities Depository.

"Business Day" means a day on which banking institutions located in New York, New York, and Chicago, Illinois and in the city or cities in which the Designated Office of the Trustee is located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Counsel" means an attorney at law or a firm of attorneys (who may be an employee of or counsel to the Issuer or the Trustee) duly admitted to the practice of law before the highest court of any state of the United States of America or of the District of Columbia.

"Daily Rate" means the interest rate on the Bonds established in accordance with Section 2.03(a) hereof.

"Daily Rate Period" means each period during which Bonds bear interest at Daily Rates.

"Dated Date" means (i) the date of issuance and delivery to the Underwriters of the Bonds or (ii) _____, 2002 if the initial Rate Period for the Bonds is a Term Rate Period.

"Default" or "default" means any event which with the giving of notice, the passage of time, or both, becomes an "event of default".

"Designated Office" means the office of the Trustee or its affiliates designated from time to time by the trustee as the appropriate office for a given purpose herein, and in the absence of a contrary designation, means the Principal Office of the Trustee. The Designated Office for purposes of tenders shall initially be _____.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Event of Default" or "event of default" means an occurrence or event specified in and defined as such by Section 9.01 hereof.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all expenses (including fees and expenses of Counsel) incurred under this Indenture other than Ordinary Services and Ordinary Expenses.

"Fiscal Year" shall mean the period of time beginning on January 1 and ending on December 31 of each year, or such other similar period as the City designates as the fiscal year of the City.

"Fitch" means Fitch IBCA, Inc., its successors and their assigns, and, if such securities rating agency shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and approved by the Bond Insurer, with notice to the Trustee.

"Flexible Rate" shall mean, with respect to any Bond, the interest rate associated with such Bond established in accordance with Section 2.03(d) hereof.

"Flexible Rate Period" means each period, comprised of Flexible Segments, during which Bonds bear interest at Flexible Rates.

"Flexible Segment" shall mean, with respect to each Bond bearing interest at a Flexible Rate, the period established in accordance with Section 2.03(d) hereof.

"Government Obligations" means each of the following:

1. United States Treasury Certificates, Notes and Bonds (including State and Local Government Series — "SLGs").

2. Direct obligations of the United States Treasury which have been stripped by the United States Treasury itself.

3. The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York.

4. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's Corporation.

5. Obligations issued by the following agencies which are backed by the full faith and credit of the United States:

a. United States Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)

Certificates of beneficial ownership

c. Federal Financing Bank

d. General Services Administration

Participation certificates

e. United States Maritime Administration

Guaranteed Title XI financing

f. United States Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures —United States government guaranteed debentures

United States Public Housing Notes and Bonds —United States government guaranteed public housing notes and bonds

"Indenture" means this Indenture of Trust, including any indentures supplemental hereto or amendatory hereof.

"Interest Payment Date" means (i) with respect to any Daily Rate Period or Weekly Rate Period, the first Business Day of each calendar month, (ii) with respect to any Term Rate Period, the first day of the sixth calendar month following the effective date of such Term Rate Period, and the first day of each successive sixth calendar month, if any, of such Term Rate Period, (iii) with respect to any Flexible Segment, the Business Day next succeeding the last day thereof, (iv) with respect to any Auction Rate Period, (A) for an Auction Period nominally of less than seven days, the first Business Day of the first calendar month commencing after the end of such Auction Period, (B) for an Auction Period of 91 days or less (other than an Auction Period described in clause (A)), the Business Day next succeeding the last day of such Auction Period and (C) for an Auction Period of more than 91 days, (1) each 13th Thursday after the first day of such Auction Period (or if such Thursday shall not be a Business Day, the next succeeding Business Day) and (2) the Business Day next succeeding the last day of such Auction Period, and (v) with respect to each Rate Period, the Business Day next succeeding the last day thereof.

"Investment Securities" means each of the following:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. United States Export-Import Bank (Eximbank)

   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)

   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration

   Participation certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")

   GNMA — guaranteed mortgage-backed bonds

   GNMA — guaranteed pass-through obligations
   (not acceptable for certain cash-flow sensitive issues)

7. United States Maritime Administration

   Guaranteed Title XI financing

8. United States Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures —United States government guaranteed debentures

United States Public Housing Notes and Bonds —United States government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (including stripped securities if stripped by the agency itself):

1. Federal Home Loan Bank System

Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")

Participation certificates

Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")

Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae")

Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System

Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Corporation of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan association or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Bond Insurer.

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's Corporation.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and Standard & Poor's Corporation in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's Corporation.

K. Any pool investment fund administered by the State of Illinois in which the Issuer is permitted or required to invest funds.

L. Repurchase Agreements for 30 days or less must follow the following criteria: Repurchase Agreements which exceed 30 days must be acceptable to the Bond Insurer. (Repurchase Agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Issuer (buyer/lender), and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.)

1. Repurchase Agreements must be between the Issuer and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's, or

   b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's

2. The written Repurchase Agreement contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct United States government obligations, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA & FHLMC)

b. The term of the Repurchase Agreement may be up to 30 days

c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agency for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the Repurchase Agreement plus accrued interest. If the value of securities held as collateral declines below 104% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the Issuer stating that the Repurchase Agreement meets guidelines under state law for legal investment of public funds.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and approved by the Bond Insurer, with notice to the Trustee.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered and those expenses (including fees and expenses of Counsel) normally incurred by a trustee or paying agent under instruments similar to this Indenture.

"Outstanding" or "outstanding" or "Bonds Outstanding," in connection with the Bonds means, as of the time in question, all Bonds authenticated and delivered under this Indenture, except:

A. Bonds theretofore canceled or required to be canceled under Section 2.10 or 6.07 hereof;

B. Bonds which are deemed to have been paid in accordance with Article VIII hereof; and

C. Bonds (including Bonds which are deemed to have been purchased pursuant to Section 4.03 hereof) in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

"Paying Agent" means the Trustee, acting as paying agent for the Bonds hereunder.

"Person" means natural persons, firms, partnerships, associations, corporations, trusts, limited liability companies and public bodies.

"Prevailing Market Conditions" means, without limitation, the following factors: existing short-term market rates for securities, the interest on which is excluded from gross income for federal income tax purposes, indices of such short-term rates and the existing market supply and demand for securities bearing such short-term rates, existing yield curves for short-term and long-term securities for obligations of credit quality comparable to the Bonds, the interest on which is excluded from gross income for federal income tax purposes, general economic conditions, industry economic and financial conditions that may affect or be relevant to the Bonds, and such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

"Principal Office" means, with respect to the Trustee, the designated corporate trust office of the Trustee, which office at the date of acceptance of the Trustee of the duties and obligations imposed upon it hereunder is located at the address specified in Section 13.05 hereof.

"Rate Period" means any Daily Rate Period, Weekly Rate Period, Flexible Rate Period, Auction Rate Period or Term Rate Period.

"Rating Category" or "Rating Categories" means one or more of the generic rating categories of a nationally recognized securities rating agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Rate Period, a Weekly Rate Period, a Flexible Segment or an Auction Rate Period, the

Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Term Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

"Registrar" means the Trustee, acting as registrar for the Bonds hereunder.

"Remarketing Agent" means the remarketing agent appointed in accordance with Section 4.08 hereof and any permitted successor thereto.

"Responsible Officer" means when used with respect to the Trustee, any officer of the Trustee including any Vice President, Assistant Vice President, corporate trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Securities Depository" means, with respect to a Book Entry Bond, DTC or any person, firm, association or corporation constituting a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended, which may at any time be substituted in its place to act as Securities Depository for the Bonds, or its successors, or any nominee therefor.

"Series ____ Bond Ordinance" means the ordinance of the Issuer adopted on _____, 2002 authorizing the issuance of the Bonds.

"Series ____ Bond Order" means the written order of the Chief Financial Officer or Comptroller of the Issuer fixing and determining the details of the Bonds.

"State" means the State of Illinois.

"Tender Agent" means the Trustee, acting as tender agent for the Bonds hereunder.

"Term Rate" means the interest rate on the Bonds established in accordance with Section 2.03(c) hereof.

"Term Rate Period" means each period during which a Term Rate is in effect.

"Trustee" means [Name of Trustee] and any successor trustee appointed and qualified pursuant to Section 10.06 or 10.09 hereof at the time serving as successor Trustee hereunder.

"Underwriter" means, _____.

"Weekly Rate" means the interest rate on the Bonds established in accordance with Section 2.03(b) hereof.

"Weekly Rate Period" means each period during which Bonds bear interest at Weekly Rates.

Section 1.03. Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.02, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.04. Bonds Owned By Issuer. In determining whether the Owners of a requisite aggregate principal amount of outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, Bonds which are owned of record by the Issuer or held by the Trustee for the account of the Issuer shall be disregarded and deemed not to be Outstanding hereunder for the purpose of any such determination (except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which a Responsible Officer of the Trustee actually knows to be so owned or held shall be disregarded).

ARTICLE II

The Bonds

Section 2.01. Authorized Amount of Bonds. The Bonds are issued pursuant to Section 6 of Article VII of the Illinois Constitution of 1970. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder is hereby expressly limited to $200,000,000 less the principal amount of commercial paper or other bonds or obligations issued pursuant to the Series ____ Bond Ordinance and then outstanding, except as provided in Section 2.08 hereof.

Section 2.02. Issuance of Bonds. (a) Authorization of Issuance. The Issuer may issue the Bonds following the execution of this Indenture; and the Trustee shall, at the Issuer's written request, authenticate such Bonds and deliver them as specified in such request. The Bonds shall be designated "City of Chicago Auction Rate Bonds, Series ____." The Bonds shall be issuable as fully registered bonds without coupons in Authorized Denominations. Unless the Issuer shall otherwise direct, the Bonds shall be numbered consecutively from 1 upwards.

(b) General Terms. The Bonds shall be issued as fully registered bonds, without coupons, in Authorized Denominations, shall be dated the Dated Date, shall mature subject to prior redemption upon the terms and conditions hereinafter set forth, on January 1, 20__, the maturity date specified in the Series ____ Bond Order, and shall bear interest as herein provided from the Dated Date. Interest on each Bond shall be payable on each Interest Payment Date for each such Bond for the period commencing on the next preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the Dated Date) and ending on the day next preceding such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from the Dated Date thereof. Each Bond shall bear

interest on overdue principal at the rate borne by the Bonds on the date on which such principal became due and payable. The Trustee shall insert the date of authentication of each Bond in the place provided for such purpose in the form of the certificate of authentication of the Trustee to be printed on each Bond.

(c) Manner of Payment. The principal of and premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts (which shall be immediately available funds), and such principal and premium, if any, shall be payable at the Designated Office of the Trustee, as Paying Agent. Payment of interest on any Interest Payment Date on any Bond shall be made to the Owner thereof as of the close of business on the Record Date immediately prior thereto and shall be (i) made by check of the Trustee, as Paying Agent, to the extent it has been provided with funds for such purpose in a timely manner, mailed on the Interest Payment Date to the Owner as of the close of business on the Record Date immediately preceding the Interest Payment Date, at the Owner's address as it appears on the registration books of the Issuer kept by the Trustee or at such other address as is furnished to the Trustee in writing by such Owner not later than the close of business on the Record Date for such Interest Payment Date, or (ii) except with respect to interest in respect of any Term Rate, transmitted by wire transfer to the accounts with members of the Federal Reserve System located within the continental United States of America of those Owners which own at least $1,000,000 in aggregate principal amount of the Bonds and which shall have provided written wire transfer instructions to the Trustee prior to the close of business on such Record Date, but in the case of interest payable in respect of a Flexible Segment, only upon presentation of such Bond (if such Bond is not a Book Entry Bond) at the Designated Office of the Trustee for exchange or transfer in accordance with the provisions hereof, except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose names any such Bonds are registered at the close of business on the fifth (5th) Business Day next preceding the date of payment of such defaulted interest.

(d) Interest. The Bonds shall bear interest from and including the Dated Date until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise, at the rate or rates per annum determined pursuant to Section 2.03 hereof. Interest on the Bonds shall be paid on each Interest Payment Date. During any Flexible Rate Period, Daily Rate Period or Weekly Rate Period, interest on the Bonds shall be computed upon the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. During any Term Rate Period, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. During any Auction Rate Period, interest on the Bonds shall be computed on the basis of a 360-day year for the number of days actually elapsed.

Section 2.03. Determination of Rate Periods and Interest Rates. In the manner hereinafter provided, the term of the Bonds will be divided into consecutive Rate Periods during which the Bonds shall bear interest at the Daily Rate, the Weekly Rate, the Flexible Rate, the Term Rate, or the Auction Rate. Prior to an adjustment to a Daily Rate, Weekly Rate, Term Rate or Flexible Rate, the Issuer and the Trustee shall enter into a Supplemental Indenture pursuant to

Section 11.01 hereof and in form approved by the Bond Insurer, such approval to be evidenced by the written consent of the Bond Insurer filed with the Trustee. The first Rate Period shall commence on the date of issuance of the Bonds hereunder and shall be the Rate Period elected by the Issuer in writing upon the issuance of the Bonds. All Bonds shall be in the same Rate Period. The Bonds shall bear interest at the rate or rates per annum established from time to time in accordance with the provisions of this Indenture.

(a) (i) Determination of Daily Rate. During each Daily Rate Period, the Bonds shall bear interest at the Daily Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day. The Daily Rate shall be the lowest rate determined by the Remarketing Agent to be the interest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price equal to 100% of the principal amount thereof (without regard to accrued interest); provided, however, that with respect to any day which is not a Business Day and any other day for which the Remarketing Agent shall not have determined a Daily Rate, the Daily Rate for such day shall be the same as the Daily Rate for the immediately preceding day; provided, further, that if a Daily Rate for the first day of any Daily Rate Period is not determined, the Daily Rate for the first day of such Daily Rate Period shall be one hundred percent (100%) of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to The Bond Buyer). In no event shall the Daily Rate exceed the lesser of [18]% per annum and the maximum rate per annum then permitted by applicable law. The Remarketing Agent shall provide the Trustee with immediate notice by facsimile of each Daily Rate, as determined.

(ii) Adjustment to Daily Rate. At any time, the Issuer, by written direction to the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at a Daily Rate. Such direction shall (A) specify the effective date of such adjustment to a Daily Rate which shall be a Business Day not earlier than the fifteenth (15th) day following the fifth (5th) Business Day after the date of receipt by the Trustee of such direction, and shall be (1) in the case of an adjustment from a Term Rate Period, the day immediately following the last day of the then current Term Rate Period, (2) in the case of an adjustment from a Flexible Rate Period, the day immediately following the last day of the then current Flexible Rate Period as determined in accordance with Section 2.03(d)(iv) hereof, and (3) in the case of an adjustment from an Auction Rate Period, the day immediately following the last day of the then current Auction Rate Period; and (B) in the case of an adjustment from a Term Rate Period having a duration in excess of one year or an Auction Rate Period, be accompanied by an opinion of Bond Counsel stating that such adjustment (1) is authorized or permitted by this Indenture and (2) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. During each Daily Rate Period commencing on a date so specified or determined (provided that the opinion of Bond Counsel described in clause (B) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, the interest rate borne by the Bonds shall be a Daily Rate.

(iii) Notice of Adjustment to Daily Rate. Following the Issuer's election pursuant to Section 2.03(a)(ii) hereof, the Trustee shall give notice of an adjustment to a Daily Rate Period to Owners, by first class mail, postage prepaid, postmarked not less than fifteen (15) days prior to the effective date of such Daily Rate Period. Such notice shall be prepared by the Issuer and shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Rate (subject to the receipt of the reaffirming opinion of Bond Counsel referred to in the immediately preceding paragraph (a)(ii), if required, and to the Issuer's ability to rescind its election as described in Section 2.03(f) hereof), (2) the effective date of such Daily Rate Period, (3) that all Bonds are subject to mandatory purchase on such effective date and (4) the procedures of such purchase and payment of the purchase price.

(b) (i) Determination of Weekly Rate. During each Weekly Rate Period, the Bonds shall bear interest at the Weekly Rate, which, in the case of the first Weekly Rate determined for each Weekly Rate Period, shall be determined by the Remarketing Agent no later than the first day of such Weekly Rate Period and thereafter no later than the Business Day next preceding Wednesday of each week during such Weekly Rate Period. The Weekly Rate shall be the rate determined by the Remarketing Agent to be the lowest interest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price equal to 100% of the principal amount thereof (without regard to accrued interest); provided, however, that if the Remarketing Agent shall not have determined a Weekly Rate for any period, the Weekly Rate for such period shall be the same as the Weekly Rate for the immediately preceding period; provided, however, that if, for any reason, the first Weekly Rate for any Weekly Rate Period shall not be determined or become effective, the Rate Period for the Bonds shall be adjusted to a Daily Rate Period. In no event shall the Weekly Rate exceed the lesser of [18]% per annum and the maximum rate per annum then permitted by applicable law. The first Weekly Rate determined for each Weekly Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Rate shall apply to the period commencing on each Wednesday and ending on the next succeeding Tuesday; provided, however, if a Weekly Rate Period shall end on a day other than Tuesday, the last Weekly Rate for such Weekly Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Rate Period and ending on such last day. The Remarketing Agent shall provide the Trustee with immediate telephonic notice (promptly confirmed in writing) or facsimile notice of each Weekly Rate, as determined.

(ii) Adjustment to Weekly Rate. At any time, the Issuer, by written direction to the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at a Weekly Rate. Such direction shall (A) specify the effective date of such adjustment to a Weekly Rate which shall be a Business Day not earlier than the fifteenth (15th) day following the fifth (5th) Business Day after the date of receipt by the Trustee of such direction, and shall be (1) in the case of an adjustment from a Term Rate Period, the day immediately following the last day of the then current Term Rate Period, (2) in the case of an adjustment from a Flexible Rate Period, the day immediately following the last day of the then current Flexible Rate Period as determined in accordance with Section 2.03(d)(iv) hereof, and (3) in the case of an adjustment from an Auction Rate Period, the day immediately following the last day of the then current Auction Rate

Period; and (B) in the case of an adjustment from a Term Rate Period having a duration in excess of one year or an Auction Rate Period, be accompanied by an opinion of Bond Counsel stating that such adjustment (1) is authorized or permitted by this Indenture and (2) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. During each Weekly Rate Period commencing on a date so specified or determined (provided that the opinion of Bond Counsel described in clause (B) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, the interest rate borne by the Bonds shall be a Weekly Rate.

(iii) Notice of Adjustment to Weekly Rate. Following the Issuer's election pursuant to Section 2.03(b)(ii) hereof, the Trustee shall give notice of an adjustment to a Weekly Rate Period to Owners, by first class mail, postage prepaid, postmarked not less than fifteen (15) days prior to the effective date of such Weekly Rate Period. Such notice shall be prepared by the Issuer and shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Rate (subject to the receipt of the reaffirming opinion of Bond Counsel referred to in the immediately preceding paragraph (ii), if required, and to the Issuer's ability to rescind its election as described in Section 2.03(f) hereof), (2) the effective date of such Weekly Rate Period, (3) that all Bonds are subject to mandatory purchase on such effective date, and (4) the procedures of such purchase and payment of the purchase price.

(c) (i) Determination of Term Rate. During each Term Rate Period the Bonds shall bear interest at the Term Rate determined by the Remarketing Agent on a Business Day selected by the Issuer but not more than thirty (30) days prior to the first day of such Term Rate Period. The Term Rate shall be the rate determined by the Remarketing Agent on such date, and filed on such date with the Trustee and the Issuer, by written notice or by telephone promptly confirmed by telecopy or other writing, as being the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such Term Rate at a price equal to 100% of the principal amount thereof; provided, however, that if, for any reason, a Term Rate for any Term Rate Period shall not be determined or become effective, then (1) in the event the current Term Rate Period is for one year or less, the Rate Period for the Bonds shall automatically adjust to a Daily Rate Period and (2) in the event the current Term Rate Period is for more than one year, the Rate Period for the Bonds shall automatically adjust to a Term Rate Period of one year and one day, subject to the proviso contained in the last sentence of Section 2.03(c)(ii); provided, further, that in the case of clause (2) above, if the Issuer delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then effective Term Rate Period, the Rate Period for the Bonds will adjust to a Daily Rate Period. If a Daily Rate for the first day of any such Daily Rate Period is not determined as provided in Section 2.03(a)(i) hereof, the Daily Rate for the first day of such Daily Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to The Bond Buyer). If a Term Rate for any such Term Rate period described in clause (2) above is not determined as described in the second preceding sentence, the Term Rate for such Term Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond

Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to The Bond Buyer). In no event shall any Term Rate exceed the lesser of [18%] per annum and the maximum rate per annum then permitted by applicable law. The Remarketing Agent shall provide the Trustee with immediate telephonic notice (promptly confirmed in writing) or facsimile notice of each Term Rate, as determined.

(ii) Adjustment to or Continuation of Term Rate. At any time, the Issuer, by written direction to the Trustee and the Remarketing Agent, may elect that the Bonds shall bear, or continue to bear, interest at a Term Rate, and if it shall so elect, shall determine the duration of the Term Rate Period during which the Bonds shall bear interest at such Term Rate. As a part of such election, the Issuer also may determine that the initial Term Rate Period shall be followed by successive Term Rate Periods and, if the Issuer so elects, shall specify the duration of each such successive Term Rate Period as provided in this paragraph (ii). Such direction shall (A) specify the effective date of each Term Rate Period (which shall be a Business Day not earlier than the fifteenth (15th) day following the fifth (5th) Business Day after the date of receipt by the Trustee of such direction, and shall be (1) in the case of an adjustment from a Flexible Rate Period, the day immediately following the last day of the then current Flexible Rate Period as determined in accordance with Section 2.03(d)(iv) hereof, (2) in the case of an adjustment from a Term Rate Period, the day immediately following the last day of the then current Term Rate Period, and (3) in the case of an adjustment from an Auction Rate Period, the day immediately following the last day of the then current Auction Rate Period; (B) specify the last day of such Term Rate Period or, if successive Term Rate Periods shall have been designated, the last day of each such Term Rate Period (which shall be for each Term Rate Period either the date immediately preceding the final maturity of the Bonds, or a day which both immediately precedes a Business Day and is at least 90 days after the effective date thereof) and (C) in the case of an adjustment from a Daily Rate Period, a Weekly Rate Period, a Flexible Rate Period, an Auction Rate Period or a Term Rate Period having a duration of one year or less to a Term Rate Period having a duration in excess of one year, or an adjustment from a Term Rate Period having a duration in excess of one year to a Daily Rate Period, a Weekly Rate Period, a Flexible Rate Period, an Auction Rate Period or a Term Rate Period having a duration of one year or less, be accompanied by an opinion of Bond Counsel stating that such adjustment (1) is authorized or permitted by this Indenture and (2) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. If the Issuer shall designate successive Term Rate Periods, but shall not, with respect to the second or any subsequent Term Rate Period, specify any of the information described in clause (A) above, the Issuer, by written direction to the Trustee and the Remarketing Agent, given not later than the fifth (5th) Business Day preceding the fifteenth (15th) day prior to the first (1st) day of such successive Term Rate Period, may specify any of such information not previously specified with respect to such Term Rate Period which information shall be accompanied by an opinion of Bond Counsel as described above, if required. During the Term Rate Period commencing and ending on the dates so determined and during each successive Term Rate Period, if any, the interest rate borne by the Bonds shall be a Term Rate (provided that the opinion of Bond Counsel described in clause (C) above, if required, is reaffirmed as of such date of commencement). If, by the fifth (5th) Business Day preceding the fourteenth (14th) day prior to the last day of any Term Rate Period, the Trustee shall not have received notice of the Issuer's election that, during the next succeeding Rate Period, the Bonds

shall bear interest at a Daily Rate, a Weekly Rate, a Flexible Rate, an Auction Rate or a Term Rate, the next succeeding Rate Period shall be a Term Rate Period of the same duration as the immediately preceding Term Rate Period; provided, however, that if the last day of any successive Term Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period shall be a Term Rate Period ending on the day prior to the final maturity date of the Bonds.

(iii) Notice of Adjustment to or Continuation of Term Rate. Following the Issuer's election pursuant to Section 2.03(c)(ii) hereof, the Trustee shall give notice of an adjustment to a (or the continuation of another) Term Rate Period to Owners, by first class mail, postage prepaid, postmarked not less than fifteen (15) days prior to the effective date of such Term Rate Period. Such notice shall be prepared by the Issuer and shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Term Rate (subject to the receipt of the reaffirming opinion of Bond Counsel referred to in the immediately preceding paragraph (ii), if required, and to the Issuer's ability to rescind its election as described in Section 2.03(f) hereof), (2) the effective date and the last day of such Term Rate Period, (3) that the Term Rate for such Term Rate Period will be determined on or prior to the effective date thereof, (4) how such Term Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that all Bonds are subject to mandatory purchase on such effective date, (7) the procedures for such purchase and the payment of the purchase price, (8) that, during such Term Rate Period, Owners will not have the right to require the purchase of Bonds, but that all Bonds will be subject to mandatory purchase on the day following the last day of such Term Rate Period and (9) the redemption provisions set forth in Section 3.01 hereof which will apply during such Term Rate Period.

(d) (i) Determination of Flexible Segments and Flexible Rates. During each Flexible Rate Period, each Bond shall bear interest during each Flexible Segment for such Bond at the Flexible Rate for such Bond as described herein. Different Flexible Segments may apply to different Bonds at any time and from time to time. The Flexible Segment for each Bond shall be a period of at least one day and not more than 270 days ending on a day that immediately precedes a Business Day, determined by the Remarketing Agent in consultation with the Issuer. The Flexible Rate for each Flexible Segment for each Bond shall be determined by the Remarketing Agent no later than the first day of such Flexible Segment (and in time to enable the Remarketing Agent to give to the Trustee the notice required by Section 4.04(c) hereof) to be the lowest interest rate which would enable the Remarketing Agent to sell such Bond on the effective date of such rate at a price equal to 100% of the principal amount thereof. If a Flexible Segment or a Flexible Rate for a Flexible Segment is not determined or effective, the Flexible Segment for such Bond shall be a Flexible Segment of at least one day ending on the day immediately preceding the next succeeding Business Day, and the interest rate for such Flexible Segment shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). In no event shall the Flexible Rate for any Flexible Segment exceed the lesser of [18%] per annum and the maximum rate per annum then permitted by

applicable law. The Remarketing Agent shall provide the Trustee with facsimile notice of each Flexible Segment and Flexible Rate, as provided in Section 4.04(c) hereof.

(ii) Adjustment to Flexible Rates. At any time, the Issuer, by written direction to the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at Flexible Rates. Such direction shall (A) specify the effective date of the Flexible Rate Period during which the Bonds shall bear interest at Flexible Rates which shall be a Business Day not earlier than the fifteenth (15th) day following the fifth (5th) Business Day after the date of receipt by the Trustee of such direction, and shall be, in the case of an adjustment from a Term Rate Period, the day immediately following the last day of the then current Term Rate Period, and in the case of an adjustment from an Auction Rate Period, the day immediately following the last day of the then current Auction Rate Period; and (B) in the case of an adjustment from a Term Rate Period having a duration in excess of one year or an Auction Rate Period, be accompanied by an opinion of Bond Counsel stating that such adjustment (1) is authorized or permitted by the Indenture and (2) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. During each Flexible Rate Period commencing on the date so specified (provided that the opinion of Bond Counsel described in clause (B) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, each Bond shall bear interest at a Flexible Rate during each Flexible Segment for such Bond.

(iii) Notice of Adjustment to Flexible Rates. Following the Issuer's election pursuant to Section 2.03(d)(ii) hereof, the Trustee shall give notice of an adjustment to a Flexible Rate Period to Owners, by first class mail, postage prepaid, postmarked not less than fifteen (15) days prior to the effective date of such Flexible Rate Period. Such notice shall be prepared by the Issuer and state (1) that the interest rate on the Bonds will be adjusted to the Flexible Rate (subject to receipt of the reaffirming opinion of Bond Counsel referred to in the immediately preceding paragraph (ii), if required, and to the Issuer's ability to rescind its election as described in Section 2.03(f) hereof), (2) the effective date of such Flexible Rate Period, (3) that all Bonds are subject to mandatory purchase on such effective date, and (4) the procedures of such purchase and the payment of the purchase price.

(iv) Adjustment from Flexible Rate Period. As a condition precedent to the election during a Flexible Rate Period to adjust to a different Rate Period for the Bonds pursuant to Section 2.03(a)(ii), (b)(ii) or (c)(ii) hereof, the Remarketing Agent shall determine, not later than the fourteenth (14th) day following the fifth (5th) Business Day after receipt by the Trustee of the direction of the Issuer effecting such election, Flexible Segments of such duration that, as soon as possible, all Flexible Segments shall end on the same date. The date on which all Flexible Segments so determined shall end shall be the last day of the then current Flexible Rate Period and the day next succeeding such date shall be the effective date of the Daily Rate Period, the Weekly Rate Period, the Term Rate Period or the Auction Rate Period elected by the Issuer. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Issuer and the Trustee.

(e) (i) Determination of Auction Rates and Auction Periods. If the Interest Rate Mode for the Bonds is the Auction Rate, the Auction Rates and Auction Periods shall be determined as described herein, subject, in all cases, to Section 12.12 hereof.

Auction Rates. The interest rate on the Bonds for each Auction Period shall be the rate determined by the Auction Agent at or prior to 3:00 p.m. (New York City time) on the Auction Date in accordance with the Auction Procedures; provided that the initial Auction Period of an Auction Rate Period shall be a period selected by the Issuer at the time of the election of the Auction Rate Period as the initial Rate Period for the Bonds or at the time of the election to adjust to the Auction Rate Period, as the case may be, and the Auction Rate for the initial Auction Period of an Auction Rate Period shall be the rate established by the Underwriter with respect to the initial Auction Period if the initial Rate Period for the Bonds is the Auction Rate Period and by the Remarketing Agent for the initial Auction Period in the case of an adjustment to the Auction Rate Period on a date no later than the effective date thereof as the minimum rate of interest necessary, in the judgment of the Underwriter or the Remarketing Agent, as the case may be, taking into account then Prevailing Market Conditions, to enable the Underwriter or the Remarketing Agent, as the case may be, to sell the Bonds on the effective date of such Auction Period at the principal amount thereof. If on any Auction Date, the Auction Agent shall fail to take any action necessary to determine or take any action which effectively prevents the determination of, a rate of interest pursuant to the Auction Procedures, the Auction Rate for the next succeeding Auction Period shall equal the No Auction Rate on such Auction Date or, in the event the No Auction Rate cannot be determined, then the current Auction Rate shall remain in effect for the succeeding Auction Period. The Auction Rate for each Auction Period commencing after the occurrence of an Event of Default to and including the Auction Period, if any, during which or commencing less than two Business Days after such Event of Default has been cured or waived shall be equal to the Maximum Auction Rate as determined on the Auction Date.

Auction Periods. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established as herein provided and each Auction Period which immediately succeeds a non-Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established as herein provided. During an Auction Rate Period, the Issuer may change the length of a single Auction Period or the Standard Auction Period by written notice delivered at least 20 days but not more than 60 days prior to the Auction Date for such Auction Period to the Trustee, the Remarketing Agent, the Auction Agent, the Bond Insurer and the Securities Depository. If such Auction Period will be less than 7 days, such notice shall be effective only if it is accompanied by a written statement of the Registrar, the Paying Agent, the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and the Auction Agreement with respect to such Auction Period. If such notice specifies a change in the length of the Standard Auction Period, such notice shall be effective only if it is accompanied by the written consent of the Remarketing Agent to such change. The length of an Auction Period or the Standard Auction Period may not be changed unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period. The change in length of an Auction Period or the Standard Auction Period shall take effect only if (W) the Trustee, the Bond Insurer and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately

preceding the Auction Date for such Auction Period, a certificate from the Issuer by telecopy notice, authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, and confirming that Bond Counsel expects to be able to give an opinion on the first day of such Auction Period to the effect that the change in the Auction Period is authorized by this Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, (X) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that a failure to deposit has occurred, (Y) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period, and (Z) the Trustee, the Bond Insurer and the Auction Agent receive by 9:30 a.m. (New York City time) on the first day of such Auction Period, an opinion of Bond Counsel to the effect that the change in the Auction Period is authorized by this Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If the condition referred to in (W) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (X), (Y) or (Z) above is not met, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined as of the Auction Date for such Auction Period. During an Auction Rate Period, the Remarketing Agent, with the written consent of the Issuer, may change, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date, the Auction Date for all future Auction Periods to a different day, so long as the first such Auction Date will be a Business Day in the calendar week in which the next succeeding Auction Date is then scheduled to occur. If a change in an Auction Date is undertaken in conjunction with a change in an Auction Period and the conditions for the establishment of such change in Auction Period are not met, the Auction Date may be, and the next succeeding Auction Period may be adjusted to end, on a Business Day in the calendar week in which such Auction Date was scheduled to occur and such Auction Period was scheduled to end to accommodate the change in the Auction Date. The Remarketing Agent shall communicate its determination to change an Auction Date by means of a written notice delivered at least 10 days prior to the Auction Date immediately preceding such Auction Date to the Issuer, the Trustee, the Bond Insurer, the Auction Agent and the Securities Depository which shall state (i) the determination of the Remarketing Agent to change the Auction Date, (ii) the new Auction Date and (iii) the date on which such Auction Date shall be changed. If, after any proposed change in the Auction Date, any Auction Period would be less than 7 days in duration, such notice shall be effective only if it is accompanied by a written statement of the Bond Registrar, the Paying Agent, the Trustee, the Remarketing Agent, the Auction Agent and the Securities Depository to the effect that they are capable of performing their duties hereunder and under the Remarketing Agreement and Auction Agency Agreement with respect to any such Auction Period.

(ii) Adjustment to Auction Rate. At any time, the Issuer, by written direction to the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at the Auction Rate. Such direction shall (A) specify the effective date of such adjustment to the Auction Rate which shall be a Business Day not earlier than the fifteenth (15th) day following the fifth (5th) Business Day after the date of receipt by the Trustee of such direction, and shall be (1) in the case of an adjustment from a Term Rate Period, the day immediately following the last

day of the then current Term Rate Period, and (2) in the case of an adjustment from a Flexible Rate Period, the day immediately following the last day of the then current Flexible Rate Period as determined in accordance with Section 2.03(d)(iv) hereof; and (B) be accompanied by an opinion of Bond Counsel stating that such adjustment (1) is authorized or permitted by this Indenture and (2) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. During each Auction Rate Period commencing on a date so specified or determined (provided that the opinion of Bond Counsel described in clause (B) above is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, the interest rate borne by the Bonds shall be the Auction Rate.

(iii) Notice of Adjustment to Auction Rate. Following the Issuer's election pursuant to Section 2.03(e)(ii) hereof, the Trustee shall give notice of an adjustment to the Auction Rate Period to Owners, by first class mail, postage prepaid, postmarked not less than fifteen (15) days prior to the effective date of such Auction Rate Period. Such notice shall be prepared by the Issuer and shall state (1) that the interest rate on the Bonds will be adjusted to the Auction Rate (subject to the receipt of the reaffirming opinion of Bond Counsel referred to in the immediately preceding paragraph (ii), if required, and to the Issuer's ability to rescind its election as described in Section 2.03(f) hereof), (2) the effective date of such the Auction Rate Period, (3) that all Bonds are subject to mandatory purchase on such effective date, (4) the procedures of such purchase and payment of the purchase price, and (5) the identity of the Auction Agent.

(iv) The Auction Agent. Concurrently with the giving of notice for an adjustment of the interest rate to the Auction Rate, or upon the election of the first Rate Period if it be the Auction Rate Period, the Issuer shall appoint an Auction Agent for the Bonds. The Auction Agent shall evidence its acceptance of such appointment by entering into an Auction Agreement with the Issuer. The Auction Agent shall be (a) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, in The City of New York and having a combined capital stock, surplus and undivided profits of at least $_____ or (b) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $_____ and, in either case, authorized by law to perform all the duties imposed upon it under the Auction Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 45 days' notice to the Trustee, the Issuer, the Remarketing Agent and the Market Agent. The Auction Agent may be removed at any time by the Issuer upon at least 45 days' notice; provided that the Issuer shall have entered into an agreement in substantially the form of the Auction Agreement with a successor Auction Agent. The appointment of a successor Auction Agent shall be subject to the approval of the Bond Insurer. The Trustee shall, within 25 days of the resignation or removal of the Remarketing Agent, the Tender Agent or the Auction Agent or the appointment of a successor Remarketing Agent, Tender Agent, or Auction Agent give notice thereof by first class mail, postage prepaid, to the owners of the Bonds.

(v) The Market Agent. _____ is hereby appointed as the initial Market Agent. On or before the effective date of any subsequent adjustment to an Auction Rate Period, or upon the resignation or removal of the Market Agent,

a Market Agent shall be appointed by the Issuer. Any such Market Agent shall be a Broker-Dealer, and shall signify its acceptance of the duties and obligations imposed on it hereunder as Market Agent by the execution of the Broker-Dealer Agreement. The Market Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 45 days' notice to the Trustee, the Auction Agent and the Issuer. The Market Agent may be removed at any time by the Issuer upon at least 45 days' notice; provided that, the Issuer or the Auction Agent shall have entered into an agreement in substantially the form of the Broker-Dealer Agreement with a successor Market Agent. The appointment of a successor Market Agent shall be subject to the approval of the Bond Insurer. During an Auction Rate Period, all references in this Indenture to the Remarketing Agent shall, to the extent not inconsistent with the rights, duties and obligations of the Market Agent, be deemed to refer to the Market Agent.

(f) Notwithstanding anything herein to the contrary, the Issuer may rescind any election by it to adjust to, or in the case of a Term Rate Period continue, a Rate Period pursuant to Section 2.03(a)(ii), (b)(ii), (c)(ii), (d)(ii) or (e)(ii) hereof by giving written notice thereof to the Trustee and the Remarketing Agent prior to such effective date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the Bonds of the change in or continuation of Rate Periods pursuant to Section 2.03(a)(iii), (b)(iii), (c)(iii), (d)(iii) or (e)(iii) hereof, then such rescission shall be immediately effective without any further action by the Issuer or the Trustee and such notice of a change in or continuation of Rate Periods shall be of no force and effect and shall not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of the Bonds pursuant to Section 2.03(a)(iii), (b)(iii), (c)(iii), (d)(iii) or (e)(iii) hereof from other than a Term Rate Period in excess of one year or an attempted adjustment from one Rate Period (other than a Term Rate Period in excess of one year) to another Rate Period does not become effective for any other reason, then the Rate Period for the Bonds shall automatically adjust to or continue in a Daily Rate Period and the Trustee shall promptly give notice thereof to the Owners of the Bonds. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of the Bonds pursuant to Section 2.03(c)(iii) of an adjustment from a Term Rate Period in excess of one year to another Rate Period (including a Term Rate Period of a different duration), or if an attempted adjustment from a Term Rate Period in excess of one year to another Rate Period (including a Term Rate Period of a different duration) does not become effective for any reason, then the Rate Period for the Bonds shall continue to be a Term Rate Period of the same duration as the immediately preceding Term Rate Period, provided that if the Issuer delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then effective Term Rate Period, the Rate Period for the Bonds shall be as directed by the Issuer in writing. If a Daily Rate for the first day of any Daily Rate Period to which a Rate Period is adjusted under this Section 2.03(f) is not determined as provided in Section 2.03(a)(i) hereof the Daily Rate for the first day of such Daily Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). The Trustee shall promptly give written notice of each such automatic adjustment to a Rate Period pursuant to this Section 2.03(f) to the Owners in the form provided in Section 2.03(a)(iii) or (c)(iii) hereof, as the case may be. Notwithstanding the rescission of any election to adjust to or continue a Rate Period, if notice has

been given to Bondholders pursuant to Section 2.03(a)(iii), (b)(iii), (c)(iii), (d)(iii) or (e)(iii), the Bonds shall be subject to mandatory purchase as specified in such notice.

(g) The determination as herein provided by the Remarketing Agent and the Auction Agent, as the case may be, of the various interest rates, Flexible Segments and Auction Periods shall be conclusive and binding upon the Trustee, the Issuer and the Owners of the Bonds.

Section 2.04. Ownership, Transfer, Exchange and Registration of Bonds. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided herein to be kept by the Trustee at its Principal Office, which is hereby constituted and appointed the Registrar and transfer agent for the Bonds. The Issuer shall prepare and deliver to the Trustee, and the Trustee shall keep custody of, a supply of unauthenticated Bonds duly executed by the Issuer, as provided in Section 2.05 hereof, for use in the transfer and exchange of Bonds. The Trustee is hereby authorized and directed to complete such forms of Bonds as to principal amounts and registered owners, and in the case of a Bond bearing interests at a Flexible Rate the information specified in the second paragraph of Section 2.06 hereof, in accordance with the provisions hereof, in effecting transfers and exchanges of Bonds as provided herein.

Upon surrender for transfer of any Bond at the Designated Office of the Trustee, duly endorsed for transfer or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, the Trustee shall date and execute the certificate of authentication on and deliver in the name of the transferee or transferees a new Bond or Bonds duly executed by the Issuer of Authorized Denominations and for a like aggregate principal amount.

Any Bond or Bonds may be exchanged at the Designated Office of the Trustee for a new Bond or Bonds of like aggregate principal amount in Authorized Denominations. Upon surrender of any Bond or Bonds for exchange, the Trustee shall date and execute the certificate of authentication on and deliver a new Bond or Bonds duly executed by the Issuer which the Bondholder making the exchange is entitled to receive.

Except in connection with the remarketing of Bonds, the Trustee shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption, nor during the period of ten days next preceding the mailing of such notice of redemption.

Except as provided in Section 4.03, hereof, the person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the written order of the registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Issuer and the Trustee shall require the payment by the Bondholder requesting exchange or transfer (other than an exchange upon a partial redemption of a Bond) of any tax, fee

or other governmental charge required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the Bondholder for such exchange or transfer.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor, and attested by the manual or facsimile signature of its City Clerk, and shall have impressed or imprinted thereon the official seal of the Issuer or a facsimile thereof. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer. Also, any Bond may be signed on behalf of the Issuer by such persons as on the actual date of the execution of such Bond shall be the proper officers although on the nominal date of such Bond any such person shall not have been such officer.

Section 2.06. Authentication. No Bond shall be valid for any purpose until the certificate of authentication on such Bond shall have been duly executed by the Trustee, and such authentication shall be conclusive proof that such Bond has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of the trust hereby created. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Upon authentication of any Bond, the Trustee shall set forth on such Bond (1) the date of such authentication and (2) in the case of a Bond bearing interest at a Flexible Rate, such Flexible Rate, the day next succeeding the last day of the applicable Flexible Segment, the number of days comprising such Flexible Segment and the amount of interest to accrue during such Flexible Segment.

Section 2.07. Form of Bonds. The Bonds and the certificate of authentication to be executed thereon shall be in substantially the form attached hereto as Appendix A, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture. Upon adjustment to a Term Rate Period, the form of Bond may include a summary of the mandatory and optional redemption provisions to apply to the Bonds during such Term Rate Period, or a statement to the effect that the Bonds will not be optionally redeemed during such Term Rate Period, and a statement indicating the applicable Term Rate and the duration of the applicable Term Rate Period, provided that the Registrar shall not authenticate such a revised Bond form prior to receiving an opinion of Bond Counsel that such Bond form conforms to the terms of this Indenture and that authentication thereof will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 2.08. Mutilated, Destroyed, Lost or Stolen Bonds. In the event any Bond or temporary Bond is mutilated, lost, stolen or destroyed, the Trustee may authenticate a new Bond duly executed by the Issuer of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be

surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity to the Issuer and the Trustee satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee on behalf of the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Owner of such Bond with their reasonable fees and expenses in this connection. The Issuer shall cooperate with the Trustee in connection with the issuance of replacement Bonds, but nothing in this Section shall be construed in derogation of any rights which the Issuer or the Trustee may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issue of a replacement Bond. All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies.

Section 2.09. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 2.10. Cancellation and Disposition of Surrendered Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for transfer, exchange or cancellation pursuant to this Indenture, upon payment of the principal amount represented thereby, or for replacement pursuant to Section 2.08 hereof, such Bond shall be promptly canceled and disposed of by the Trustee in accordance with its ordinary customs and practices.

Section 2.11. Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds and deliver them to the purchasers as directed by the Issuer as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

(1) A duly certified copy of the Series _____ Bond Ordinance.

(2) An original executed counterpart of this Indenture.

(3) An original executed copy of the Series _____ Bond Order.

(4) An order to authenticate the Bonds, signed by the Chief Financial Officer or City Comptroller of the Issuer.

Section 2.12. Book Entry System. The Trustee and the Issuer, may from time to time enter into, and discontinue, an agreement with a Securities Depository to establish procedures with respect to the Bonds not inconsistent with the provisions of this Indenture; provided, however, that, notwithstanding any other provisions of this Indenture, any such agreement may provide:

(a) that such Securities Depository is not required to present a Bond to the Trustee in order to receive a partial payment of principal;

(b) that such Securities Depository is not required to present a Bond or any portion thereof in order to receive payment of a purchase price;

(c) that beneficial owners may give, or cause to be given, notices respecting the tender of a Bond or portion thereof for purchase;

(d) that different provisions for notice to or by such Securities Depository may be set forth therein; and

(e) that a legend may appear on each Bond so long as the Bonds are subject to such agreement.

With respect to Bonds registered in the name of a Securities Depository (or its nominee) neither the Trustee, the Bond Insurer nor the Issuer shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Bonds. While an agreement with a Securities Depository is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary.

Section 2.13. Delivery of the Bonds; Designation of the Bonds as Book Entry Bonds; Appointment of Initial Securities Depository for the Bonds. The Bonds are hereby authorized to be and shall be issued initially, subject to the provisions of this Indenture, as Book Entry Bonds within the meaning of and subject to Section 2.12 hereof. DTC is hereby appointed as the initial Securities Depository for the Bonds.

Section 2.14. CUSIP Numbers. The Issuer in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE III

Redemption of Bonds Before Maturity

Section 3.01. Redemption Dates and Prices. The Bonds shall be subject to redemption prior to maturity, at the written direction of the Issuer to the Trustee, in the amounts, at the times and in the manner provided below.

(A) Optional Redemption. (1) On any Business Day during a Daily Rate Period or a Weekly Rate Period, and on the day next succeeding the last day of each such Rate Period, the Bonds shall be subject to optional redemption by the Issuer, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

(2) On the day next succeeding the last day of any Flexible Segment with respect to any Bond, such Bond shall be subject to optional redemption by the Issuer, in whole or in part, at 100% of its principal amount.

(3) On the Business Day immediately succeeding any Auction Date, the Bonds shall be subject to optional redemption by the Issuer, in whole or in part, at 100% of their principal amount, together with accrued interest, if any, to the redemption date.

(4) During any Term Rate Period, and on the day next succeeding the last day of each Term Rate Period, the Bonds shall be subject to optional redemption by the Issuer, during the periods specified below, in whole at any time or in part from time to time on any date, at the redemption prices (expressed as percentages of principal amount) hereinafter indicated plus accrued interest, if any, to the redemption date:

Length of Current Term Rate Period	Commencement of Redemption Period	Redemption Price as Percentage of Principal Amount
More than 15 years	Tenth anniversary of commencement of Term Rate Period	102%, declining by 1/2% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 13 years, but no more than 15 years	Eighth anniversary of commencement of Term Rate Period	102%, declining by 1/2% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 10 years, but no more than 13 years	Fifth anniversary of commencement of Term Rate Period	101-1/2%, declining by 1/2% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 7 years, but no more than 10 years	Fourth anniversary of commencement of Term Rate Period.	101%, declining by 1/2% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 3 years, but not more than 7 years	Third anniversary of commencement of Term Rate Period	101%, declining to 100% on the next succeeding anniversary of the first day of the redemption period and thereafter 100%
3 years or less	On day next succeeding last day of Term Rate Period	100%.

With respect to any Term Rate Period, the Issuer may specify in the notice required by Section 2.03(c)(iii) hereof redemption prices and periods other than those set forth above for Bonds not then called for redemption; provided, however, that such notice shall be accompanied by an opinion of Bond Counsel stating that such changes in redemption prices and periods (i) are authorized or permitted by this Indenture and (ii) will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(B) Mandatory Redemption. The Bonds are subject to mandatory redemption on the dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

Date Principal Amount

Section 3.02. Notice of Redemption. Notice of the call for any redemption of Bonds or any portion thereof (which shall be in Authorized Denominations) pursuant to

Section 3.01 hereof identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books. Such notice shall be given at least fifteen (15) days (thirty (30) days if the Rate Period for the Bonds is then a Term Rate Period) prior to the date fixed for redemption to the Owners of Bonds to be redeemed; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. Upon presentation and surrender of Bonds so called for redemption in whole or in part at the place or places of payment, except as otherwise provided pursuant to Section 2.12 hereof with respect to Book Entry Bonds, such Bonds or portions thereof shall be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. If a Bond is presented to the Trustee for transfer after notice of redemption of such Bond has been mailed as herein provided, the Trustee shall deliver a copy of such notice of redemption to the new Owner of such Bond.

With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article VIII hereof, such notice may state (if so directed by the Issuer) that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 3.03. Deposit of Funds. For the redemption of any of the Bonds, the Issuer shall cause to be deposited in the Bond Fund, to the extent legally available therefore, moneys sufficient to pay when due the principal of and premium, if any, and interest on the redemption date.

Section 3.04. Partial Redemption of Bonds. In case a Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Bond may be redeemed provided the principal amount not being redeemed is in an Authorized Denomination. Upon surrender of any Bond for redemption in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner thereof, without cost to the Owner, a new Bond or Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 3.05. Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Trustee shall select the Bonds or portions thereof to be redeemed, from the Bonds Outstanding not previously called for redemption, at random or in such other manner as in the Trustee's sole discretion it shall deem appropriate and fair, in either case in Authorized Denominations provided that the aggregate principal amount of each Bond remaining

Outstanding following such redemption shall be in an Authorized Denomination. The Trustee shall have no liability to any person as a result of making any such selection. The Trustee shall promptly notify the Issuer in writing of the Bonds or portions thereof selected for redemption, provided, however, that in connection with any redemption of Bonds the Trustee shall first select for redemption any Bonds held by the Trustee for the account of the Issuer or held of record by the Issuer and that if, as indicated in a certificate of an Authorized Issuer Representative delivered to the Trustee, the Issuer shall have offered to purchase all Bonds then outstanding and less than all such Bonds shall have been tendered to the Issuer for such purchase, the Trustee, at the direction of the Issuer, shall select for redemption all such Bonds which have not been so tendered. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Owner of such Bond shall, except as provided in Section 2.12 hereof with respect to Book-Entry Bonds, forthwith surrender such Bond to the Trustee for (a) payment to such Owner of the redemption price of the unit or units of principal amount called for redemption, and (b) delivery to such Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Owner thereof, without charge therefor. If the surrender of such Bonds is required hereunder and the Owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable, and interest thereon shall cease to accrue, on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

ARTICLE IV

Tender and Purchase of Bonds; Remarketing; Remarketing Agent

Section 4.01. Purchase of Bonds At Option of Owners. (a) Daily Rate Period. On any Business Day during any Daily Rate Period, any Bond (or portion thereof in an Authorized Denomination provided that the principal amount to be retained by the Owner shall be in an Authorized Denomination) shall be purchased by the Trustee, acting as Tender Agent, to the extent it has been provided with funds sufficient to make such payment, at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, thereon to the date of purchase, upon, subject to Section 4.10 hereof, (i) delivery by the Owner of such Bond to the Trustee, acting as Tender Agent, at its Principal Office by no later than 9:30 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, which states the principal amount or portion thereof to be purchased and number of such Bond and the date on which such Bond shall be purchased pursuant to this subsection (a), and (ii) delivery of such Bond to the Trustee, acting as Tender Agent, at its Designated Office accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed, at or prior to 1:00 p.m., New York time, on such Business Day.

(b) Weekly Rate Period. On any Business Day during any Weekly Rate Period, any Bond (or portion thereof in an Authorized Denomination provided that the principal amount to be retained by the Owner shall be in an Authorized Denomination) shall be purchased from its Owner by the Trustee, acting as Tender Agent, to the extent it has been provided with funds sufficient to make such payment, at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, thereon to the date of purchase, upon, subject to Section 4.10 hereof, (i) delivery by the Owner of such Bond to the Trustee, acting as Tender Agent, at its Principal Office of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by telecopy or other writing, which states the principal amount or portion thereof to be purchased and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee, and (ii) delivery of such Bond to the Trustee, acting as Tender Agent, at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed, at or prior to 11:00 a.m., New York time, on the date specified in such notice.

Section 4.02. Mandatory Purchase of Bonds. (a) Bonds shall be subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, on the following dates: (i) as to each Bond in a Flexible Rate Period, on the day next succeeding the last day of each Flexible Segment applicable to such Bond; (ii) in the event of an adjustment from one Rate Period to a different Rate Period, on the day next succeeding the last day of the preceding Rate Period; and (iii) in the event of an adjustment from one Term Rate Period to another Term Rate Period (including a Term Rate Period of the same duration), on the day next succeeding the last day of the preceding Term Rate Period.

(b) An Owner must deliver each Bond subject to mandatory purchase as provided in Section 4.02(a) hereof to the Trustee, acting as Tender Agent, at its Designated Office accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof, with the signature of such Owner guaranteed at or prior to 11:00 a.m., New York time, on the purchase date in order to receive payment of the purchase price on such date to the extent the Trustee, acting as Tender Agent, has been provided with funds sufficient to make such payment.

(c) Notice of each mandatory purchase pursuant to the provisions of Section 4.02(a)(ii) and Section 4.02(a)(iii) hereof is required by the provisions of Section 2.03(a)(iii), 2.03(b)(iii), 2.03(c)(iii), 2.03(d)(iii) or 2.03(e)(iii), as the case may be, to be included in the notice given pursuant to such Section.

Section 4.03. Obligation To Surrender Bonds. The giving of notice as provided in Section 4.01 hereof shall constitute the irrevocable tender for purchase of each Bond or portion thereof with respect to which such notice shall have been given, irrespective of whether such Bond shall be delivered as provided in Section 4.01. The occurrence of any event specified in Section 4.02(a) hereof shall constitute the mandatory tender for purchase of each Bond or portion thereof, irrespective of whether such Bond shall be delivered as provided in Section 4.02(b). Upon the purchase of each Bond or portion thereof so deemed to be tendered, such Bond or portion thereof shall cease to bear interest payable to the former Owner thereof, who thereafter

shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Trustee, acting as Tender Agent, and such Bond or portion thereof shall be no longer outstanding. The Trustee shall authenticate, register and deliver new Bonds in replacement of Bonds or portions thereof deemed so tendered and not surrendered on the date of purchase.

Section 4.04. Remarketing of Bonds. (a) By 11:30 a.m., New York time, on the date the Trustee receives notice from any Bondholder in accordance with Section 4.01(a) hereof, and promptly, but in no event later than 11:30 a.m., New York time, on the Business Day following the day on which the Trustee receives notice from any Bondholder of its demand to have the Trustee purchase Bonds pursuant to Section 4.01(b) hereof, the Trustee shall give facsimile or telephonic notice, confirmed in writing thereafter, to the Remarketing Agent specifying the principal amount of Bonds which such Bondholder has demanded to have purchased and the date on which such Bonds are demanded to be purchased.

(b) Upon the giving of notice to the Trustee by any Bondholder in accordance with Section 4.01(a) or (b) hereof and the giving of notice by the Trustee to the Remarketing Agent as provided in Section 4.04(a) hereof with respect to such notices, and on each date on which the Bonds are to be purchased in accordance with Section 4.02 hereof, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds on the date such Bonds are to be purchased at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. All sales of Bonds hereunder must be at a purchase price equal to 100% of the principal amount of such Bonds plus accrued interest, if any, thereon.

(c) Not later than 1:00 p.m., New York time, on the date on which Bonds are to be purchased pursuant to Section 4.01(a) or 4.02(a)(i) hereof, and not later than 3:00 p.m., New York time, on the Business Day next preceding the date on which Bonds are to be purchased pursuant to Section 4.01(b) or Section 4.02(a)(ii) hereof, the Remarketing Agent shall give (i) facsimile or telephonic notice to the Trustee, acting as Tender Agent, specifying the names, addresses and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, and with respect to Bonds which are being purchased pursuant to Section 4.02(a)(i) hereof the Flexible Segments and the Flexible Rates for, such Bonds remarketed by it pursuant to subsection (b) and the amount of remarketing proceeds it will provide to the Trustee, acting as Tender Agent, on the date on which the Bonds are to be purchased, as set forth in Section 4.04(d) hereof and (ii) telephonic notice to the Issuer and the Trustee, acting as Tender Agent, of the principal amount of and accrued interest on any Bonds not remarketed by such time; provided, however, that, in addition, on any date on which Bonds are to be purchased pursuant to Section 4.01(a) or 4.02(a)(i) hereof, if all the Bonds will not be remarketed, the Remarketing Agent shall give the Trustee, acting as Tender Agent, and the Issuer notice by 12:00 noon, New York time, rather than by 1:00 p.m., New York time, of the principal amount of and accrued interest on Bonds that have not been remarketed.

(d) Upon the giving of the notice specified in Section 4.04(c)(i) hereof, the Remarketing Agent shall be obligated to deliver to the Trustee, acting as Tender Agent, the amount of remarketing proceeds specified in such notice, as follows:

(i) in the case of Bonds which are being purchased pursuant to Section 4.01 or 4.02(a)(ii) hereof, by 1:00 p.m., New York time, on the purchase date; and

(ii) in the case of Bonds which are being purchased pursuant to Section 4.02(a)(i) hereof, by 3:00 p.m., New York time, on the purchase date, subject only to timely delivery of Bonds by the Trustee, acting as Tender Agent, as set forth in Section 4.04(e) hereof and verification by the Remarketing Agent that such Bonds conform to the instructions contained in the notice given by the Remarketing Agent to the Trustee pursuant to Section 4.04(c) hereof.

Any remarketing proceeds received by the Remarketing Agent in excess of such amounts so transferred shall be delivered to the Issuer as soon as practicable after the receipt thereof.

(e) Upon receipt by the Trustee, acting as Tender Agent, of notice from the Remarketing Agent pursuant to Section 4.04(c) hereof, the Trustee shall authenticate and deliver new Bonds to the Remarketing Agent, as follows:

(i) in the case of Bonds which are being purchased pursuant to Section 4.01 or Section 4.02(a)(ii) hereof, and provided that moneys derived from the sources specified in Section 4.05(a) hereof in an amount equal to the Purchase Price therefor shall have been received by the Trustee, acting as Tender Agent, by 1:00 p.m., New York time, such new Bonds shall be delivered by 2:30 p.m., New York time; and

(ii) in the case of Bonds which are being purchased pursuant to Section 4.02(a)(i) hereof, such new Bonds shall be delivered by 2:30 p.m., New York time.

Section 4.05. Purchase of Bonds Tendered To Trustee. (a) By the close of business on the date Bonds or portions thereof are to be purchased pursuant to Section 4.01 or 4.02 hereof by the Trustee, acting as Tender Agent, the Trustee, acting as Tender Agent, shall purchase, but only from the funds listed below, such Bonds or portions thereof (in Authorized Denominations) from the Owners thereof at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(i) proceeds of the remarketing of such Bonds pursuant to Section 4.04 hereof to any purchaser; and

(ii) moneys furnished by the Issuer to the Trustee, acting as Tender Agent.

Under no circumstances shall the Trustee be required to advance its own funds for the purchase of any Bonds, and the Trustee shall have no liability for its failure to purchase any Bonds if it shall not have been provided with sufficient funds in a timely manner to permit such purchase.

(b) The Trustee, acting as Tender Agent, shall:

(i) hold all Bonds delivered to it pursuant to Section 4.01 or 4.02 hereof in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders; and

(ii) hold all moneys delivered to it hereunder for the purchase of such Bonds in trust for the benefit of the person or entity which shall have so delivered such moneys in a separate and segregated fund, and not commingle such funds with any other funds or invest such funds, until the Bonds purchased with such moneys shall have been delivered or deemed delivered to or for the account of such person or entity; provided, that any moneys so deposited with and held by the Trustee not so applied to the purchase of Bonds within two (2) years after the date of purchase shall be paid by the Trustee to the Issuer upon the written direction of the Authorized Issuer Representative and thereafter the former Bondholders shall be entitled to look only to the Issuer for payment of such purchase price, and then only from Subordinate Lien Revenues and only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys, and the Trustee shall have no further responsibility with respect to such moneys. To the extent any moneys are held by the Trustee for the payment of the purchase price of Bonds which have not been presented for payment, such moneys shall not be invested.

Section 4.06. Delivery of Purchased Bonds. (a) Bonds sold by the Remarketing Agent pursuant to Section 4.04 hereof shall be delivered to the Remarketing Agent, as specified in Section 4.04(e) hereof.

(b) Bonds purchased by the Trustee, acting as Tender Agent, hereunder with moneys described in clause (ii) of Section 4.05(a) hereof shall be canceled.

Section 4.07. No Sales After Default. Anything in this Indenture to the contrary notwithstanding, at the direction of the Remarketing Agent there shall be no remarketing of Bonds pursuant to this Article IV if there shall have occurred and be continuing an event of default under Section 9.01 hereof; provided, that nothing in this Section 4.07 shall be construed as prohibiting purchases of Bonds pursuant to Section 4.01 or 4.02 hereof.

Section 4.08. Remarketing Agent. The Remarketing Agent shall be _____; provided, however, that the Issuer may remove the Remarketing Agent and appoint a successor Remarketing Agent for the Bonds. The appointment of a successor Remarketing Agent shall be subject to the approval of the Bond Insurer. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee and the Issuer.

Section 4.09. Qualifications of Remarketing Agent; Resignation and Removal. The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc. and authorized by law to perform all the duties imposed upon it by this Indenture. The

Remarketing Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least twenty Business Days' notice to the Issuer and the Trustee. The Remarketing Agent may be removed at any time, at the direction of the Issuer, upon at least five Business Days' notice by an instrument signed by the Issuer and filed with the Remarketing Agent and the Trustee. No removal of the Remarketing Agent shall become effective until a successor Remarketing Agent has delivered a written acceptance of appointment.

Section 4.10. Tender and Purchase of Book-Entry Bonds. Notwithstanding any provisions of this Indenture to the contrary, at any time while the Bonds are Book-Entry Bonds, the provisions of this Article IV are modified as follows:

(a) Any notice pursuant to Section 4.01(a)(i) or 4.01(b)(i) hereof may be given by any direct participant in the Securities Depository acting on behalf of either any owner of a beneficial interest in the Bonds or any indirect participant in the Securities Depository acting on behalf of such an owner, provided that any such notice shall not be required to contain the bond number of Bonds to be tendered for purchase and the Trustee may conclusively rely on any written certification or representation by a person, firm, corporation or other entity that it is acting as a direct participant in the Securities Depository for the Bonds for the purposes of giving any such notice.

(b) Delivery of Bonds to the Trustee, as provided in Sections 4.01(a)(ii), 4.01(b)(ii) and 4.02(b) hereof, shall be effected by book-entry credit to the account of the Trustee on the records of the Securities Depository, at or prior to 1:00 p.m., New York time, on the date Bonds or portions thereof are required to be tendered to the Trustee for purchase, of a beneficial interest in the Bonds to be purchased on such date.

(c) The Remarketing Agent shall give the information required by Section 4.04(c) hereof to the Securities Depository instead of to the Trustee, but shall at the same time give facsimile or telephonic notice to the Trustee specifying the principal amount of such Bonds which it has been unable to remarket (if such be the case).

(d) The Remarketing Agent shall deliver remarketing proceeds in accordance with the provisions of Section 4.04(d) hereof to the Securities Depository instead of to the Trustee, acting as Tender Agent.

(e) Section 4.04(e) hereof shall be inapplicable.

(f) The provisions of Sections 4.05 and 4.06 hereof shall apply only if Bonds are purchased with moneys described in clause (ii) of Section 4.05(a) hereof; the beneficial interests in Bonds purchased with moneys described in clause (i) of Section 4.05(a) shall be transferred in accordance with the procedures of the Securities Depository.

ARTICLE V

Payment; Further Assurances

Section 5.01. Payment of Principal or Redemption Price of and Interest On Bonds. The Issuer shall promptly pay or cause to be paid the principal of and premium, if any, and interest on, every Bond issued hereunder according to the terms thereof and hereof. The Issuer hereby appoints the Trustee to act as the Paying Agent for the Bonds, and designates the Designated Office of the Trustee as the place of payment for the Bonds, such appointment and designation to remain in effect until notice of change is filed with the Trustee.

Section 5.02. Limited Tax General Obligations. The Bonds shall be direct and general obligations of the Issuer, and shall be secured by a pledge of, lien on and security interest in all amounts in the funds and accounts created or maintained pursuant to this Indenture, including earnings on such amounts, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein.

The obligation of the Issuer to make payments of the principal of, [the redemption premium on,] and the interest on the Bonds shall be payable from any funds legally available for such purpose. The Issuer covenants and agrees to take all necessary action to annually appropriate funds in a timely manner so as to provide for the making of all such payments with respect to the Bonds; provided however, that in no event shall the Issuer be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to pay such principal, [redemption premium] or interest.

Section 5.03. Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Issuer shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Issuer, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Performance of Covenants; the Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto.

Section 5.05. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the

amounts pledged hereto, to the payment of the principal of and premium, if any, and interest on the Bonds.

Section 5.06. Tax Covenants. The Issuer shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

The Issuer shall not permit any of the proceeds of the Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Bond to constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986.

The Issuer shall not permit any of the proceeds of the Bonds or other moneys to be invested in any manner that would cause any Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 or a "hedge bond" within the meaning of Section 149(g) of the Internal Revenue Code of 1986.

The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986 relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Section 5.07. Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Issuer with the Owners of the Bonds and shall be deemed to be and shall constitute a contract between the Issuer, the Trustee and the Owners from time to time of the Bonds.

ARTICLE VI

Funds

Section 6.01. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee, a trust fund to be designated "City of Chicago, Illinois Auction Rate Bonds, Series ____ - Bond Fund," which shall be used to pay the principal of and premium, if any, and the interest on the Bonds.

Section 6.02. Payments Into the Bond Fund. There shall be deposited into the Bond Fund from time to time the following:

(a) all accrued interest, if any, paid by the initial purchasers of the Bonds;

(b) on the first Business Day of each month, the Issuer shall pay to the Trustee for deposit into the Bond Fund, the amount required so that the sum then held in the Bond Fund will equal the Bond Fund Requirement; and

(c) all other moneys received by the Trustee under and pursuant to the provisions of this Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund.

The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will cause to be deposited in the Bond Fund sufficient amounts promptly to meet and pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable. Nothing herein shall be construed to require the Issuer to levy any separate ad valorem or other tax unlimited as to rate or amount to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable.

Section 6.03. Use of Moneys In the Bond Fund and Certain Other Moneys. Except as provided in Sections 6.07, 6.10 and 10.03 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due and payable at maturity, upon redemption or otherwise. Funds for such payments of the principal of and premium, if any, and interest on the Bonds shall be derived from the following sources in the order of priority indicated:

(i) from moneys paid into the Bond Fund pursuant to Section 6.02(a) hereof which shall be applied to the payment of interest on the Bonds;

(ii) from moneys held by the Trustee pursuant to Article VIII hereof, such moneys to be applied only to the payment of the principal of and premium, if any, and interest on Bonds which are deemed to be paid in accordance with Article VIII hereof; and

(iii) from all other amounts on deposit in the Bond Fund, and proceeds from the investment thereof.

Section 6.04. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer hereby authorizes and directs the Trustee to withdraw in accordance with the provisions of Section 6.03 of this Indenture sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 6.05. Available Moneys To Be Paid Over To Trustee. The Issuer will cause moneys legally available for the payment of the Bonds to be paid to the Trustee for deposit in the Bond Fund in accordance with the terms of this Indenture to effect payment of the principal of and premium, if any, and interest on the Bonds as the same become due.

Section 6.06. Payments of Principal and Interest. The Trustee shall pay from moneys timely received by the Trustee, in the order of priority indicated in Section 6.03 hereof, the principal of and premium, if any, and interest on, the Bonds as the same become due and payable. If, prior to the maturity of any Bond, the Issuer surrenders such Bond to the Trustee for cancellation, the Trustee shall cancel such Bond.

Section 6.07. Non-Presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof or in the event any interest payment thereon is unclaimed, if moneys sufficient to pay such Bond or interest shall have been deposited in the Bond Fund, it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds or such interest, if any, within two (2) years after the date on which the same shall have become due shall be paid automatically by the Trustee to the Issuer and thereafter Bondholders shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys and the Trustee shall have no further responsibility with respect to such moneys.

Section 6.08. Funds To Be Held For All Bondholders; Certain Exceptions. Moneys in the Bond Fund shall, until applied as provided in this Indenture, be held by the Trustee for the benefit of the Owners of all Outstanding Bonds, except as provided by Sections 6.07 and 6.10 hereof and except that any portion of the Bond Fund representing principal of and premium, if any, and interest on, any Bonds previously called for redemption in accordance with Article III of this Indenture or previously matured or representing unclaimed interest on the Bonds shall be held for the benefit of the Owners of such Bonds only and shall not be deposited or invested pursuant to Article VII hereof, notwithstanding any provision of Article VII.

Section 6.09. Moneys To Be Held In Trust. All moneys required to be deposited with or paid to the Trustee for deposit into the Bond Fund under any provision hereof, all moneys withdrawn from the Bond Fund and held by the Trustee shall be held by the Trustee in trust, and such moneys (other than moneys held pursuant to Section 6.07 hereof) shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof. Moneys held for the payment of the purchase price of Bonds pursuant to Article IV hereof shall not constitute part of the Trust Estate.

Section 6.10. Repayment To the Issuer from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of and premium, if any, and interest on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee, the Remarketing Agent and all other amounts required to be paid under this Indenture shall be paid to the Issuer.

ARTICLE VII

Investment of Moneys

The Trustee shall invest and reinvest any moneys held as part of the Bond Fund in accordance with the specific written direction (or the specific oral direction promptly confirmed in writing) of an Authorized Issuer Representative in Investment Securities. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund for which they were made. The interest accruing thereon, any profit realized from such investments and any loss resulting from such investments shall be credited or charged to the Fund in which such moneys are deposited. The Trustee shall sell and reduce to cash a sufficient amount of such investments of the Bond Fund in accordance with written directions (or oral directions promptly confirmed by telecopy or other writing) of an Authorized Issuer Representative, whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. The Trustee may make any and all such investments through its and its affiliates' own bond departments. As and when any amount invested pursuant to this Article may be needed for disbursement, the Trustee may cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such funds. Moneys held for the payment of the purchase price of Bonds pursuant to Article IV hereof, or the payment of Bonds pursuant to Section 6.08 hereof, shall not be invested except in overnight Government Obligations in accordance with the specific written direction (or the specific oral direction promptly confirmed in writing) of an Authorized Issuer Representative. Any proceeds under the Bond Insurance Policy shall be held uninvested.

ARTICLE VIII

Defeasance

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to or for the Owners of the Bonds the principal, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the Issuer shall keep, perform and observe all the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, then this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of payment, registration, transfer or exchange of Bonds herein provided for), whereupon the Trustee upon written request of an Authorized Issuer Representative shall cancel and discharge this Indenture, and execute and deliver to the Issuer such instruments in writing as shall be requested by an Authorized Issuer Representative and requisite to discharge this Indenture, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee or otherwise subject to this Indenture, except moneys or securities held by the Trustee for the payment of the principal of and premium, if any, and interest on, and purchase prices of, the Bonds.

Any Bond or Authorized Denomination thereof shall be deemed to be paid within the meaning of this Indenture (provided that the unpaid portion of such Bond is also an Authorized Denomination) when (a) payment of the principal of and premium, if any, on such Bond or Authorized Denomination thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof, (ii) shall have been provided for by irrevocably depositing sufficient moneys for such payment with the Trustee and the due date of such principal, interest and premium, if any, has occurred, or (iii) in the case of a Bond which bears interest at a Flexible Rate or a Term Rate or an Auction Rate, shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment on such due date (which due date shall be in the case of a Bond bearing interest at a Flexible Rate no later than the Interest Payment Date for the then current Flexible Segment for such Bond and in the case of a Bond bearing interest at a Term Rate or an Auction Rate no later than the last Interest Payment Date for the then current Term Rate Period or Auction Period for such Bond) (1) moneys sufficient to make such payment and/or (2) non-callable Government Obligations (provided that the Issuer delivers to the Trustee, at the Issuer's expense, (A) an opinion of Bond Counsel upon which the Trustee may rely to the effect that all conditions with respect to such deposit specified in this Article VIII has been satisfied or provision therefor made and that such deposit will not cause the interest on any of the Bonds to be includable for federal income tax purposes in the gross income of any Owner or Beneficial Owner thereof and (B) a verification report of a certified public accountant as to the adequacy of such moneys and Government Obligations) maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond or Authorized Denomination thereof shall be deemed to be paid hereunder, as aforesaid, such Bond or Authorized Denomination thereof shall no longer be secured by or entitled to the benefits of this Indenture (other than Sections 2.04 and 2.08 hereof in the case of a deposit under clause (a)(iii) above), except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, in the case of a Bond or Authorized Denomination thereof which by its terms may be redeemed prior to the stated maturity thereof, no deposit under clause (a)(iii) of the immediately preceding paragraph shall be deemed a payment of such Bond or Authorized Denomination thereof as aforesaid until: (a) proper notice of redemption of such Bond or Authorized Denomination thereof shall have been previously given in accordance with Article III of this Indenture, or in the event said Bond or Authorized Denomination thereof is not to be redeemed within the next succeeding sixty (60) days, until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owner of such Bond or Authorized Denomination thereof in accordance with Article III hereof, that the deposit required by (a)(iii) above has been made with the Trustee and that said Bond or Authorized Denomination thereof is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable premium, if any, on said Bond or Authorized Denomination thereof, plus interest thereon to the due date thereof, or (b) the maturity of such Bond or Authorized Denomination thereof.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds or Authorized Denominations thereof (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds or Authorized Denominations thereof (including interest and premium thereon, if any) with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds or Authorized Denominations thereof and the interest and premium, if any, thereon and such Bonds or Authorized Denominations thereof and the interest and premium, if any, thereon shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Owner of each of the Bonds affected thereby.

ARTICLE IX

Default Provisions and Remedies of Trustee and Bondholders

Section 9.01. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute a default or an Event of Default:

(a) Failure to make payment of any installment of interest upon any Bond after such payment has become due and payable;

(b) Failure to make payment of the principal of and premium, if any, on any Bond at the stated maturity thereof or upon the unconditional redemption thereof;

(c) A failure by the Issuer to pay an amount due pursuant to Article IV hereof when the same shall have become due and payable;

(d) The occurrence of an "event of default" under Section 10.01 of the Master Bond Ordinance; and

(e) Failure on the part of the Issuer to perform or observe any of its covenants, agreements or conditions in this Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to Section 9.02 hereof.

Section 9.02. Notice of Event of Default Under Section 9.01(e) Hereof; Opportunity of Issuer To Cure Defaults. No default described in Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such default, requiring that it be remedied and stating that such notice is a "Notice of Default" hereunder, by registered or certified mail shall be given to the Issuer by the Trustee or to the Issuer and the Trustee by the Owners of a majority

in aggregate principal amount of all Bonds Outstanding, and the Issuer shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted within the applicable period and diligently pursued until the default is corrected and the fact of such non-correction, corrective action and diligent pursuit is evidenced to the Trustee and the Bond Insurer by a certificate of an Authorized Issuer Representative.

Section 9.03. Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default under Section 9.01 hereof, the Trustee may with the written consent of the Bond Insurer, or shall at the direction of the Bond Insurer, pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and premium, if any, and interest on the Bonds then outstanding and to enforce and compel the performance of the duties and obligations of the Issuer as herein set forth.

If an Event of Default under Section 9.01 hereof shall have occurred and be continuing and if requested so to do by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 10.01(i) hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section 9.03 as the Trustee being advised by Counsel shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 9.04. Right of Bondholders To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding and subject to the provisions of Section 9.10 hereof, the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture and could not involve the Trustee in personal liability.

Section 9.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of, or the reservation of funds sufficient to pay, all costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and its Counsel, be deposited in the Bond Fund and all such moneys in the Bond Fund shall be applied as follows:

FIRST - To the payment to the persons entitled thereto of all interest then due on the Bonds (other than interest due on Bonds for the payment of which moneys are held pursuant to the provisions of this Indenture), and, if the amount available shall not be sufficient to pay said amount in full, then to the payment ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), and, if the amount available shall not be sufficient to pay in full such unpaid principal and premium, then to the payment ratably to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of interest on overdue principal of and premium, if any, on any Bonds without preference or priority as between principal or premium or interest one over the others, or any installment of interest over any other installment of interest, or of any Bond over any other Bond, and if the amount available shall not be sufficient to pay such amounts in full, then ratably, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Whenever all principal of and premium, if any, and interest on all Bonds have been paid under the provisions of this Section 9.05 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Issuer.

Section 9.06. Remedies Vested In Trustee. All rights of action (including the right to file proofs of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of the outstanding Bonds.

Section 9.07. Rights and Remedies of Bondholders. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless (i) a default has occurred of which a Responsible Officer of the Trustee has actual knowledge or has been notified as provided in Section 10.01(g) hereof, (ii) such default shall have become an Event of Default hereunder and be continuing, (iii) the Owners of more than a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, and shall have offered to the Trustee indemnity as provided in Section 10.01(i), and (iv) the Trustee shall for sixty (60) days after such notice, request and offer of indemnity fail or refuse to exercise the powers herein granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder. No one or more Owners of the Bonds shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Bonds then outstanding. Nothing in this Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof.

Section 9.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Bond Insurer and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 9.09. Waivers of Events of Default. The Trustee may in its discretion, but with the prior written consent of the Bond Insurer, waive any Event of Default hereunder and rescind its consequences and shall do so upon the written request of the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived any Event of Default in the payment of the principal of, or premium on, any Outstanding Bonds when due (whether at maturity or by redemption), or any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver and rescission, all arrears of principal of and interest upon such Bonds, and interest on overdue principal at the rate borne by the Bonds on the date on which such principal became due and payable, and all arrears of premium, if any, when due, together with the reasonable expenses of the Trustee and of the Owners of such Bonds, including reasonable attorneys' fees and expenses paid or incurred, shall have been paid or provided for; provided further, there shall not be waived any Event of Default in the payment when due of any purchase prices of any Bonds pursuant to Article IV hereof unless prior to such waiver and rescission all arrears of such purchase prices, together with reasonable expenses of the Trustee and of the Owners of such Bonds, including

reasonable attorneys' fees and expenses paid or incurred, shall have been paid or provision therefor made. In the case of any such waiver and rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Indenture shall be in writing and a copy thereof shall be delivered to the Issuer and the Remarketing Agent.

Section 9.10. Rights of Bond Insurer Controlling. Anything in the Indenture to the contrary notwithstanding, if the Bond Insurance Policy is in effect and the Bond Insurer is not in default of its obligation to make payments thereunder, the Bond Insurer shall be deemed to be the Owner of all Bonds then Outstanding, for all purposes (including, without limitation, all approvals, consents, requests, waivers, authorizations, directions, inspections and the institution of any action), provided that nothing in this Section 9.10 shall impair the rights of the Bondowners to receive all payments due under the Bonds, and the Bond Insurer shall have the exclusive right to exercise or direct the exercise of remedies on behalf of the Owners of the Bonds in accordance with the terms of the Indenture following an Event of Default thereunder. The principal of all Bonds Outstanding may not be declared to be immediately due and payable without the prior written consent of the Bond Insurer.

ARTICLE X

The Trustee

Section 10.01. Acceptance of the Trusts By Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture, represents and covenants that it is fully empowered under the applicable laws and regulations of the State to accept said trusts, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, affiliates, custodians, nominees, receivers or employees and shall not be responsible for the supervision of, or the acts of any attorneys, agents or receivers appointed by it in good faith and without negligence, and shall be entitled to advice of Counsel chosen by it concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) Except for its certificate of authentication on the Bonds and the other information the Trustee is required to set forth on the Bonds pursuant to Section 2.06 hereof, the Trustee shall not be responsible for any recital herein or in the Bonds, or the

validity, priority, recording, or rerecording, filing, or refiling of this Indenture or any financing statement, amendments to this Indenture, or continuation statements, or for reviewing any annual reports, financial statements or audits, or for the validity of the execution by the Issuer of this Indenture or for any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or the tax-exempt status of the Bonds or the use or application of any money paid over by the Trustee in accordance with this Indenture. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer, except as hereinafter expressly set forth, but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall not be responsible or liable for the selection of any investment or for any loss suffered, or any fee, tax or other charge incurred, in connection with any investment of funds made by it in accordance with Article VII hereof including, without limitation, any loss suffered in connection with the sale of any investment pursuant to Article VII hereof.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee (or any affiliate of the Trustee) may become the Owner of Bonds and otherwise transact banking and trustee business with the Issuer with the same rights which it would have if it were not Trustee.

(d) The Trustee shall be fully protected in acting in good faith upon any notice, request, resolution, consent, certificate, affidavit, letter, telegram or other paper or document, or oral communication or direction, believed to be genuine and correct and to have been signed or sent or given by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the Issuer by an Authorized Issuer Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or subsequent to the waiver, rescission or annulment of a default as provided in Article IX hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate signed on behalf of the Issuer by an Authorized Issuer Representative to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be liable in the performance of its obligations hereunder, except for its negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder, except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article IV hereof and all defaults under Section 9.01(a), (b) or (c) hereof, unless a Responsible Officer shall be specifically notified in writing of such default by the Issuer or by the Owners of at least twenty-five per cent (25%) in aggregate principal amount of all Bonds then outstanding or by the Remarketing Agent, and in the absence of any such notice may conclusively assume that no such default or Event of Default exists.

(h) The Trustee shall not be required to give any bonds or surety in respect of the execution of its trusts and powers hereunder.

(i) Before taking any action under Article IX hereof at the request or direction of the Bondholders, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Bondholders, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(j) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received and shall not be commingled with the general funds of the Trustee but need not be segregated from other funds except to the extent required or permitted by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) The Trustee, prior to the occurrence of an Event of Default specified in Section 9.01 of this Indenture and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture. In case an event of default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(l) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This subsection shall not be construed to limit the effect of subsection (k) of this Section;

(ii) The Trustee shall not be liable for any error of judgment made in good faith by an officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds outstanding relating to the time, method and place of conducting any proceeding or any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) No provision of this Indenture shall require the Trustee 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, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it provided, however, that no right of the Trustee to indemnification shall relieve the Trustee from responsibility for making payments on the Bonds when due from moneys available to it, or from making any claim under the Bond Insurance Policy.

(m) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or as a condition to the taking of any action by the Trustee.

(n) In the event the Trustee incurs expenses or renders services in connection with an event of bankruptcy, reorganization or insolvency, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy, reorganization or insolvency.

(o) To the extent that the Trustee is also acting as Paying Agent, Registrar or Tender Agent hereunder, the rights and protections afforded to the Trustee pursuant to this Article X shall also be afforded to such Paying Agent, Registrar and Tender Agent.

Section 10.02. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business as a commercial bank or trust company under the laws of the United States of America or of one of the states of the United States, be authorized under such laws to exercise corporate trust powers, be authorized to accept and exercise the trusts herein provided, have a combined capital and surplus of at least $25,000,000, be subject to supervision or examination by federal or state authority and have such offices and agencies in such locations as are required to enable it to perform the functions herein contemplated. So long as DTC is the Securities Depository for the Bonds, the Trustee must be a Direct Participant in DTC. If, and at all times when, the Bonds are not Book Entry Bonds, the Designated Office of the Trustee for purposes of tender must be located in New York City. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 10.02, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 10.03. Fees, Charges And Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement from the Issuer for such fees as shall be agreed upon by the Issuer and the Trustee for its Ordinary Services rendered hereunder and all advances, Counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services hereunder, and, subsequent to default, in accordance with the Trustee's then-current fee schedule for default administration (the entirety of which compensation shall not be limited by any provision of law regarding compensation of a trustee of an express trust); and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor from the Issuer, and to reimbursement from the Issuer for reasonable and necessary Extraordinary Expenses (including fees of Counsel) in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall have a first lien with right of payment prior to payment on account of principal of or premium, if any, or interest on any Bond upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred; provided, however, that the Trustee's lien with right of payment prior to payment on account of principal of or premium, if any, or interest on any Bond with respect to moneys in the Bond Fund held for the payment of the principal of and premium, if any, and interest on particular Bonds or moneys held for the payment of the purchase price of particular Bonds shall be subordinate to that of the Bondholders. The Trustee's rights under this Section 10.03 shall survive the termination or expiration of this Indenture; the resignation or removal of the Trustee and the payment in full of the Bonds. The Issuer agrees to indemnify, defend and hold the Trustee harmless from and against any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the office of Trustee under this Indenture, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or thereunder.

Section 10.04. Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by Section 10.01(g) hereof required to take notice or if notice of default be given as in said subsection (g) provided, the Trustee shall (i) promptly give notice of default to

the Bond Insurer and (ii) within sixty (60) days thereafter (unless such default is cured or waived), give notice of such default to each Owner of Bonds then outstanding, provided that, except in the case of a default in the payment of the principal of or premium, if any, or interest on any Bond, the Trustee may withhold such notice to the Bondholders if and so long as a trust committee of Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Bondholders and provided further that nothing in this Section 10.04 shall be deemed to limit the notice required by the second paragraph of Section 9.05 hereof.

Section 10.05. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Bondholders and, subject to the provisions of Section 10.01(i), shall do so if requested in writing by the Owners of a majority in aggregate principal amount of all Bonds then outstanding.

Section 10.06. Successor Trustee. Any corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or to which it may sell, lease or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument on the part of any of the parties hereto.

Section 10.07. Resignation by the Trustee. The Trustee may at any time resign from the trusts hereby created by giving sixty (60) days written notice by registered or certified mail to the Issuer, the Owner of each Bond, the Remarketing Agent and the Auction Agent, and such resignation shall not take effect until the appointment of a successor Trustee pursuant to the provisions of Section 10.09 hereof and acceptance by the successor Trustee of the trusts created hereby. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee. If no successor Trustee shall have been so appointed and have accepted appointment within forty-five (45) days of the giving of written notice by the resigning Trustee as aforesaid, the resigning Trustee may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee or any Bondholder who has been a bona fide holder of a Bond for at least six months may, on behalf of itself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor trustee.

Section 10.08. Removal of the Trustee. (a) In case at any time either of the following shall occur:

(1) the Trustee shall cease to be eligible in accordance with the provisions of Section 10.02 hereof and shall fail to resign after written request therefor by the Issuer or by any Bondholder who has been a bona fide holder of a Bond for at least six months, or

(2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Issuer may remove the Trustee and appoint a successor trustee by an instrument in writing delivered to the Trustee, the Bond Insurer and the Remarketing Agent, or any such Bondholder may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice if any, as it may deem proper and may prescribe, remove the Trustee and appoint a successor trustee.

If no successor Trustee shall have been so appointed and have accepted appointment within forty-five (45) days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

(b) The Issuer (except during the occurrence and continuation of an Event of Default), in its sole discretion, or the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding may at any time, with or without cause, remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by the Issuer or such Bondholders, as the case may be.

(c) Any resignation or removal of the Trustee and appointment of a successor trustee, pursuant to any of the provisions of this Section shall not become effective until the acceptance of appointment by the successor Trustee as provided in Section 10.09 and acceptance by the successor Trustee of the trusts created hereby.

Section 10.09. Appointment of Successor Trustee. In case the Trustee hereunder shall:

(a) resign pursuant to Section 10.02 or 10.07 hereof;

(b) be removed pursuant to Section 10.08 hereof; or

(c) be dissolved, taken under the control of any public officer or officers or of a receiver appointed by a court, or otherwise become incapable of acting hereunder,

a successor shall be appointed by the Issuer; provided, that if a successor Trustee is not so appointed within ten (10) days after notice of resignation is mailed or instrument of removal is delivered as provided under Sections 10.02, 10.07 and 10.08 hereof, respectively, or within ten (10) days of the Issuer's knowledge of any of the events specified in (c) hereinabove, then the Owners of a majority in aggregate principal amount of Bonds then outstanding, by filing with the Issuer, the Bond Insurer and the Remarketing Agent an instrument or concurrent instruments in writing signed by or on behalf of such Owners, may designate a successor Trustee. The appointment of a successor Trustee shall be subject to the approval of the Bond Insurer.

In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such

court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 10.10. Concerning Any Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor shall become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor; but, nevertheless, and upon payment of its charges (1) such predecessor shall, on the written request of the Issuer, execute and deliver an instrument transferring to such successor Trustee all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of such predecessor hereunder and (2) such predecessor shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereby vested in the predecessor any and all such instruments in writing shall, on written request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture or a financing statement relating thereto shall have been filed or recorded. No trustee hereunder shall be liable for the acts or omissions of any successor trustee.

Section 10.11. Trustee Protected In Relying Upon Resolution, Etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 10.12. Successor Trustee As the Trustee of Bond Fund, Paying Agent, Tender Agent and Registrar. In the event of a change in the office of the Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee of the Bond Fund, Tender Agent and Registrar and a Paying Agent for principal of and premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Tender Agent, Registrar and a Paying Agent.

Section 10.13. Trust Estate May Be Vested in Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of this Indenture upon the occurrence of an event of default, it may be necessary that the Trustee appoint an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section 10.13 are adapted to these ends.

In the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein

granted to the Trustee or to hold title to the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate Trustee or Co-Trustee but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

No Trustee shall be liable for any act or omission of any other Trustee.

ARTICLE XI

Supplemental Indentures

Section 11.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes: (i) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect; (ii) to grant to or confer or impose upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Indenture as heretofore in effect; (iii) to cure any ambiguity or omission or to cure, correct or supplement any defective provision of this Indenture in each case in such manner as shall not adversely affect the Bondholders; (iv) to evidence the appointment of a separate trustee or a co-trustee or to evidence the succession of a new trustee or a new co-trustee hereunder; (v) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended; (vi) to obtain or maintain an appropriate rating or ratings on the Bonds; (vii) to provide for the use of an uncertificated book entry system; (viii) to authorize different Authorized Denominations of the Bonds and to make correlative amendments and modifications to this Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature; (ix) subject to the prior written consent of the Bond Insurer,

to provide for a liquidity facility prior to the initial adjustment to a Daily Rate, Weekly Rate, Term Rate or Flexible Rate; (x) subject to the prior written consent of the Bond Insurer, to provide additional security, including, without limitation, a letter of credit, to the Trustee for the benefit of the Bondholders upon receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that the provision of such additional security is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from the gross income of the Owners or Beneficial Owners thereof for federal income tax purposes and to conform to or permit compliance with the terms and provisions of such additional security; or (xi) to preserve the tax-exempt status of interest on the Bonds.

No supplemental indenture entered into pursuant to this Section 11.01 shall take effect until ten Business Days after the Bond Insurer shall have been given written notice of such supplemental indenture. The Trustee is directed to file with the Bond Insurer a copy of each supplemental indenture.

Section 11.02. Supplemental Indentures Requiring Consent of Bondholders and Bond Insurer. Exclusive of supplemental indentures covered by Section 11.01 hereof and subject to the terms and provisions contained in this Section and Section 9.10, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto for the purpose of modifying, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in this Indenture. As long as the Bond Insurance Policy is in effect with respect to all Outstanding Bonds, no consent of Bondholders under this Section 11.02 shall be required; provided, however, that nothing in this Section contained shall permit or be construed as permitting amendments of this Indenture, without the consent of the holders of 100% of the Bonds then Outstanding affected by such amendment, to effect (a) an extension of the maturity date of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of, premium, if any, on any Bond or the rate of interest thereon, or (c) an adverse change in the rights of the Owners of the Bonds to the purchase thereof pursuant to Article IV hereof, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such supplemental indenture.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes allowed by this Section, the Trustee shall, at the written request of the Issuer and upon being satisfactorily indemnified with respect to expenses and upon receiving from the Issuer forms of notices and any other related solicitation materials, cause notice of the proposed execution of such supplemental indenture to be mailed in substantially the manner provided in Section 3.02 hereof with respect to redemption of Bonds. Such notice shall be prepared by the Issuer and shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period of time as shall be prescribed by the Issuer following the mailing of such notice, the Owners of not less than a majority or 100%, as the case may be, in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented

to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. The Issuer shall have the right to extend, from time to time the period within which such consent and approval may be obtained from Bondholders. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

A supplemental indenture under this Section 11.02 shall not become effective unless and until the Bond Insurer shall have consented to the execution and delivery of such supplemental indenture. The Trustee shall file with Standard & Poor's Corporation a copy of each supplemental indenture consented to by the Bond Insurer.

Section 11.03. Consent of Remarketing Agent. A supplemental indenture under this Article XI which affects any rights, duties or obligations of the Remarketing Agent shall not become effective unless and until the Remarketing Agent shall have consented to the execution and delivery of such supplemental indenture.

Section 11.04. Opinion of Bond Counsel. The Trustee may require that the Issuer deliver to the Trustee at the Issuer's expense an opinion of Bond Counsel upon which the Trustee may conclusively rely to the effect that a supplemental indenture is permitted by applicable law and will not adversely affect the tax-exempt status of the interest on the Bonds and that such supplemental indenture complies with the terms and provisions of this Indenture.

ARTICLE XII

Miscellaneous

Section 12.01. Consents, Etc. of Bondholders. Any consent, approval, direction or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, approval, direction or other instrument or of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument or writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution or in any other manner satisfactory to the Trustee; or

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of acquiring the same shall be proved by the registration books of the Issuer maintained by the Trustee pursuant to Section 2.04 hereof.

Any request, demand, authorization, direction, notice, consent, waiver or other action by any Bondholder shall bind every future holder of the same Bond in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Remarketing Agent, the Auction Agent, the Bond Insurer and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture. This Indenture and all of the covenants, conditions and provisions hereof are intended to be and being for the sole and exclusive benefit of the parties hereto, the Owners of the Bonds, the Remarketing Agent, the Bond Insurer and the Auction Agent as herein provided.

Section 12.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.04. Severability. If any provision of this Indenture shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 12.05. Notices. Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be sufficiently given if in writing and shall be deemed given when mailed by registered, certified or first class mail, postage prepaid, or by qualified overnight courier service mutually acceptable to the delivering and recipient parties, courier charges prepaid, addressed as follows:

If to the Issuer: City of Chicago, Illinois
33 North LaSalle Street, Sixth Floor
Chicago, Illinois 60602
Attention: _____

If to the Trustee, the Paying Agent or the Tender Agent: _____
_____
_____
Attention: _____
Telephone: _____
Telecopy: _____

If to the Auction Agent: _____
_____
_____
Attention: _____
Telephone: _____
Telecopy: _____

If to the Remarketing Agent: _____
_____
_____
Attention: _____
Telephone: _____
Telecopy: _____

Unless specifically otherwise required by the terms of this Indenture, any notice required to be given pursuant to any provision of this Indenture may be given by any form of electronic transmission that is capable of producing a written record, including, without limitation, telecopy transmissions, provided that the deliverer of any such notice given by electronic transmission shall verify receipt of such notice promptly upon the transmission thereof and such notice shall not be deemed duly given unless full and legible receipt thereof has been verified by the recipient of such notice. The Issuer, the Trustee and the Remarketing Agent may, by notice pursuant to this Section 13.05, designate any different addresses to which subsequent notices, certificates or other communications shall be sent. A duplicate copy of each notice, approval, consent, request, complaint, demand or other communication given hereunder by the Issuer or the Trustee to any one of the others shall also be given to each one of the others.

Any notice to a party shall also be given to the Bond Insurer at the following address:

[To Come]

Section 12.06. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture and no interest shall accrue on the payment so deferred during the intervening period.

Section 12.07. Action by Issuer. Whenever it is herein provided or permitted for any action to be taken by the Issuer, such action may be taken by an Authorized Issuer Representative under the Agreement unless the context clearly indicates otherwise.

Section 12.08. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.09. Applicable Law. This Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State without regard to the principles of conflicts of laws thereof.

Section 12.10. Dealing In Bonds. The Trustee, or the Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 12.11. Bond Insurance. The payment of the principal of and interest on the Bonds when due is to be insured under, and to the extent provided in, the Bond Insurance Policy, including the endorsements thereto, to be issued by the Bond Insurer.

[Section 12.12. Bond Insurer's Auction Rate Provisions. Any conversion into an Auction Rate or from one Auction Period to a different Auction Period (other than from an Auction Period of 35 days or less to another Auction Period of 35 days or less) shall be conditioned upon receipt of a firm underwriting commitment or contract of purchase from an investment bank or other purchaser, acceptable to the Bond Insurer.

If conversion fails for any reason, the Bonds (i) shall remain in the Auction Rate Period from which the conversion was attempted if such Auction Rate Period is an Auction Rate Period of 35 days or less or (ii) shall automatically be converted to an Auction Rate Period of 35 days.

In the event that the Issuer is in default under any of its obligations relating to the Bonds, the Bond Insurer will succeed to any rights of the Issuer to direct a conversion of the Rate Period on the Bonds.

The Auction Procedures may only be terminated for the following reasons: (i) upon a successful conversion from the Auction Rate Period to another Rate Period; or (ii) upon a failure by the Bond Insurer to pay amounts due under the Bond Insurance Policy. There may be no termination of the Auction Procedures for any other reason, including defaults by the Issuer. If the Issuer has failed to pay fees due to the Auction Agent or to any Broker-Dealer, the Bond

Insurer shall be given 45 days to cure the missed payments during which time the Auction Procedures may not be suspended.

Any change in the Maximum Auction Rate or any default rate or the method of calculating either must be approved by the Bond Insurer.

Any change in the Rate Period for the Bonds, other than a change in the Auction Period from an Auction Period of 35 days or less to another Auction Period of 35 days or less, shall not take effect until such change shall have been consented to by the Bond Insurer.]

Section 12.13. Payments Under the Bond Insurance Policy.

[To Come]

IN WITNESS WHEREOF, the City of Chicago, has caused these presents to be signed in its name and behalf by its City Comptroller and its corporate seal to be hereunto affixed and attested by its City Clerk, and to evidence its acceptance of the trusts hereby created [Name of Trustee] has caused these presents to be signed and sealed in its name and behalf by its duly authorized officers, all as of the date first above written.

CITY OF CHICAGO

(SEAL)

Attest:

By _____
City Comptroller

_____
City Clerk

[NAME OF TRUSTEE], as Trustee

(SEAL)

Attest:

By _____

_____

Appendix "A".
(To Indenture Of Trust)

[Form Of Bond]

United States Of America

State Of Illinois

City Of Chicago

Auction Rate Bond,
Series ____.

Registered Number
R- _____

Registered
$_____

For Flexible Rate Periods Only

Interest Rate	Number Of Days In Flexible Segment	Mandatory Purchase And Interest Payment Date	Amount Of Interest Due For Flexible Segment
____%	_____	_____	$_____

Dated Date:

C.U.S.I.P.: ____

Maturity Date:

Registered Owner:

Principal Amount:

The City of Chicago (the "Issuer"), a municipal corporation and a home rule unit of the State of Illinois, for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above, and to pay interest on the balance of said Principal Amount from time to time remaining unpaid until payment

of said Principal Amount has been made or duly provided for, at the rates and on the dates determined as described herein and in the Indenture as hereinafter defined, and to pay interest on overdue principal at the rate borne by this Bond on the date on which such principal became due and payable, except as the provisions set forth in the Indenture with respect to redemption may become applicable hereto, the principal of and premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the Principal Office of _____, as Paying Agent (the "Paying Agent"); provided, however, payment of interest on any Interest Payment Date shall be made to the registered owner hereof as of the close of business on the Record Date with respect to such Interest Payment Date and shall be (i) paid by check of the Paying Agent mailed to such registered owner hereof at his address as it appears on the registration books of the Issuer maintained by [Name of Trustee], as Trustee (the "Trustee") or at such other address as is furnished in writing by such registered owner to the Trustee not later than the close of business on the Record Date or (ii) except with respect to interest in respect of any Term Rate, transmitted by wire transfer to the accounts with members of the Federal Reserve System located within the continental United States of America of those owners which own at least One Million Dollars ($1,000,000) in aggregate principal amount of the Bonds and which shall have provided written wire transfer instructions to the Trustee prior to the close of business on such Record Date, but, in the case of interest payable in respect of a Flexible Segment, only upon presentation of such Bond (if such Bond is not a Book Entry Bond) at the Principal Office of the Trustee for exchange or transfer as provided in the Indenture. Notwithstanding the foregoing provisions, for so long as this Bond is restricted to being registered on the registration books of the Issuer kept by the Trustee in the name of a Securities Depository, the provisions of the Indenture governing Book Entry Bonds shall govern the manner of the payment of the principal and purchase price of, and premium, if any, and interest on, this Bond.

This Bond is one of an authorized issue of bonds limited in aggregate principal amount to $_____ (the "Bonds") issued pursuant to Section 6 of Article VII of the Illinois Constitution of 1970, and an ordinance adopted by the City Council of the Issuer on _____, 2002 (the "Bond Ordinance") and is issued pursuant to and secured under an Indenture of Trust (the "Indenture"), dated as of _____, 2002, between the Issuer and the Trustee.

This bond is a direct and general obligation of the Issuer. Reference to the Indenture and the Bond Ordinance is made for a description of the nature and extent of the security for this Bond, the revenues and monies pledged, the nature and extent and manner of enforcement of the pledge and the rights and remedies of the registered owners of Bonds with respect thereto. In no event shall the Issuer be obligated to levy any separate ad valorem or other tax in addition to other City taxes or any special ad valorem or other tax unlimited as to rate or amount to pay the principal of, redemption premium on or interest on this bond.

This Bond may be transferred or exchanged by the registered owner hereof in person or by his attorney duly authorized in writing at the Principal Office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

In The Manner Provided And Subject To The Provisions Of The Indenture, The Term Of The Bonds Will Be Divided Into Consecutive Rate Periods During Each Of Which The Bonds Shall Bear Interest At Either A Daily Rate, A Weekly Rate, A Term Rate, Flexible Rates Or Auction Rates, Each Of Which Shall Be Determined In The Manner Provided In The Indenture. In No Event Shall The Interest Rate On Any Bond Exceed The Lesser Of [Eighteen (18)] Percent Per Annum And The Maximum Rate Per Annum Then Permitted By Applicable Law.

Interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the next preceding Interest Payment Date (or if no interest has been paid hereon, commencing on the Dated Date) and ending on the day next preceding such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds, or if no interest has been paid or duly provided for on the Bonds, from the Dated Date. Interest shall be computed (1) in the case of a Term Rate Period, on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months, (2) in the case of a Daily Rate Period, Weekly Rate Period or Flexible Rate Period on the basis of a three hundred sixty-five (365) or three hundred sixty-six (366) day year, as appropriate, and the actual number of days elapsed and (3) in the case of an Auction Rate Period, on the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

The term "Interest Payment Date" means (1) with respect to any Daily Rate Period or Weekly Rate Period, the first (1st) Business Day of each calendar month, (2) with respect to any Term Rate Period, the first (1st) day of the sixth (6th) calendar month following the effective date of such Term Rate Period, and the first (1st) day of each successive sixth calendar month, if any, of such Term Rate Period, (3) with respect to any Flexible Segment, the Business Day next succeeding the last day thereof, (4) with respect to the Auction Rate Period (i) for an Auction Period nominally of less than seven (7) days, the first (1st) Business Day of the first (1st) calendar month commencing after the end of such Auction Period, (ii) for an Auction Period of ninety-one (91) days or less (other than an Auction Period described in clause (i)), the Business Day next succeeding the last day of such Auction Period and (iii) for an Auction Period of more than ninety-one (91) days, on each thirteenth (13th) Thursday after the first (1st) day of such Auction Period (or if such Thursday shall not be a Business Day, the next succeeding Business Day) and on the Business Day next succeeding the last day of such Auction Period, and (5) with respect to each Rate Period, the Business Day next succeeding the last day

thereof.

The term "Record Date" means with respect to any Interest Payment Date in respect of a Daily Rate Period, a Weekly Rate Period, a Flexible Segment or an Auction Period, the Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Term Rate Period, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

The Bonds shall be deliverable in the form of registered Bonds without coupons in the denominations of Five Thousand Dollars ($5,000) and any integral multiple thereof during any Term Rate Period; in the denominations of One Hundred Thousand Dollars ($100,000) and any integral multiple of Five Thousand Dollars ($5,000) excess thereof during any Daily Rate Period or Weekly Rate Period; in the denominations of One Hundred Thousand Dollars ($100,000) and any integral multiple of Five Thousand Dollars ($5,000) in excess thereof during any Flexible Rate Period; and in the denominations of Twenty-five Thousand Dollars ($25,000) and integral multiples thereof during any Auction Rate Period.

The Bonds Are Subject To Optional And Mandatory Tender And Purchase As Provided In the Indenture.

The Bonds Are Subject To Optional [And Mandatory] Redemption A s Provided In The Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Issuer, the Trustee, the Paying Agent, the Tender Agent, the Registrar, the Remarketing Agent, the Bond Insurer, the Auction Agent and any other agent of the Issuer or the Trustee may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the Issuer, the Trustee, the Paying Agent, the Tender Agent, the Registrar, the Remarketing Agent, the Bond Insurer, the Auction Agent nor any such agent shall be affected by notice to the contrary.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment, registration, transfer or exchange of Bonds, including a provision that under certain circumstances the Bonds shall be deemed to be paid if Government Obligations, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient monies to pay the principal of and premium, if any, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with

the Trustee.

Modifications or alterations of the Indenture, or any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

Terms which are used herein as defined terms and which are not otherwise defined shall have the meanings assigned to them in the Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until the certificate of authentication hereon shall have been duly executed by the Trustee.

It Is Hereby Certified, Recited And Declared that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Illinois and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or laws of the State of Illinois.

In Witness Whereof, The City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor its corporate seal to be impressed or imprinted hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date.

City of Chicago

By: _____
Mayor

[Seal]

Attest:

_____
City Clerk

[Form Of Trustee's Certificate Of Authentication]

This Bond is one of the Bonds described in the within-mentioned Indenture of Trust.

[Name of Trustee], as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

[Form Of Assignment]

Assignment.

For value received the undersigned sells, assigns and transfers unto _____ the within bond and hereby irrevocably constitutes and appoints _____, attorney, to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Signature Guarantee:

_____

[End Of Form Of Bond]

Appendix "B".
(To Indenture Of Trust)

Auction Procedures.

Section 1. Definitions.

Each of the terms defined in Article I of the Indenture shall have the meaning specified therein. In addition, each of the following terms shall have the meaning specified below, unless the context requires otherwise.

"Agent Member" means a member of, or a direct participant in, D.T.C. or any successor Securities Depository under the Indenture.

"After-Tax Equivalent Rate" means, as of any date of determination, the interest rate per annum equal to the product of (x) the commercial paper/treasury rate on such date and (y) an amount equal to 1.00 minus the statutory corporate tax rate on such date.

"Applicable Percentage" means, as of any date of determination, the percentage determined as set forth below (as such percentage may be adjusted pursuant to Section 6 of these auction procedures) based on the prevailing rating of the Bonds in effect at the close of business on the Business Day immediately preceding such date of determination:

Prevailing Rating	Applicable Percentage
"AAA"/"Aaa"	175%
"AA"/"Aa"	175%
"A"/"A"	175%
"BBB"/"Baa"	200%
Below "BBB"/"Baa"	265%

For purposes of this definition, the "prevailing rating" of the Bonds will be:

(a) "AAA"/"Aaa", if the Bonds have a rating of "AAA" or better by Fitch and a rating of "Aaa" by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below;

(b) if not "AAA"/"Aaa", then "AA"/"Aa" if the Bonds have a rating of "AA-" or better by Fitch and a rating of "Aa3" or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below,

(c) if not "AAA"/"Aaa" or "AA"/"Aa", then "A"/"A" if the Bonds have a rating of "A-" or better by Fitch and a rating of "A3" or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below,

(d) if not "AAA"/"Aaa", "AA"/"Aa" or "A"/"A", then "BBB"/"Baa", if the Bonds have a rating of "BBB-" or better by Fitch and a rating of "Baa3" or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below, and

(e) if not "AAA"/"Aaa", "AA"/"Aa", "A"/"A" or "BBB"/"Baa", then below "BBB"/"Baa", whether or not the Bonds during an Auction Rate Period are rated by any securities rating agency.

If (x) the Bonds are rated by a rating agency or agencies other than Moody's or Fitch and (y) the Issuer has delivered to the Trustee and the Auction Agent an instrument designating one or two of such rating agencies to replace Moody's or Fitch, or both, then for purposes of the definition of "prevailing rating" Moody's or Fitch, or both, will be deemed to have been replaced in accordance with such instrument; provided, however, that such instrument must be accompanied by the consent of the market agent.

For purposes of this definition of "Applicable Percentage," Fitch's rating categories of AAA, AA-, A- and BBB- and Moody's rating categories of "Aaa", "Aa3", "A3" and "Baa3," refer to and include the respective rating categories correlative thereto in the event that either or both of such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the Bonds are split between the categories set forth above, the lower rating will determine the prevailing rating.

"Auction" means each periodic implementation of these Auction Procedures with respect to the Bonds.

"Auction Agent" means any entity appointed as such pursuant to Section 2.03(e)(iv) of the Indenture and its successors in such capacity.

"Auction Date" means, with respect to each auction period during an auction rate period, the last Wednesday of the immediately preceding auction period, if any; provided, however, that if such day is not a Business Day, the auction date with respect to such auction period shall be the next preceding Business Day; and provided, further, that in the case of an auction period nominally of less than seven (7) days, the auction date in respect thereof shall be the first (1st) day of such auction period.

"Auction Period" means a period within an auction rate period (i) during which the Bonds bear interest at a single auction rate and (ii) which is established as provided in Section 2.03(e) of the Indenture; it being understood that

(x) each auction period shall commence on, and include, (1) the first (1st) Business Day following the end of the next preceding auction period or (2) in the case of the first (1st) auction period in any auction rate period, the date of the initial authentication and delivery of the Bonds (if an auction rate period shall be specified as the first (1st) rate period upon such initial authentication and delivery) or the effective date of an adjustment to an auction rate period, as the case may be;

(y) each auction period shall end on, and include, the date established as the last day of such auction period as provided in Section 2.03(e) of the Indenture, whether or not such day shall be a Business Day; provided, however, that if such day shall not be immediately followed by a Business Day, then the last day of such auction period shall be the next succeeding day that is immediately followed by a Business Day; and

(z) any auction period may consist of any number of days from one (1) to three hundred sixty-five (365) or three hundred sixty-six (366) if the date of February 29 is included in such auction period.

"Auction Procedures" means the procedures set forth in this Appendix B to the Indenture.

"Auction Rate" means the rate of interest per annum determined for the Bonds pursuant to Section 2.03 (e)(i) of the Indenture and these Auction Procedures.

"Auction Rate Period" shall mean any period during which the Bonds bear interest at an Auction Rate.

"Authorized Auction Denomination" shall mean, during an Auction Rate Period, Twenty-five Thousand Dollars ($25,000) or any integral multiple thereof.

"Available Bonds" has the meaning set forth in Section 4 of these Auction Procedures.

"Bid" has the meaning set forth in Section 2 of these Auction Procedures.

"Bidder" has the meaning set forth in Section 2 of these Auction Procedures.

"BMA Index" means the Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven (7) day, tax-exempt variable rate demand notes as may be produced by Municipal Market Data, or its successor, or as otherwise designated by the Bond Market Association.

"Broker-Dealer" means any entity permitted by law to perform the functions required of a broker-dealer set forth in these Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Issuer and (iii) that has entered into a broker-dealer agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" means each agreement between a Broker-Dealer and the Auction Agent pursuant to which the Broker-Dealer, among other things, agrees to participate in Auctions as set forth in these Auction Procedures, as from time to time amended and supplemented.

"Change of Preference Law" means any amendment to the Code or other existing statute enacted by the Congress of the United States, or the enactment by the Congress of a new statute, or the promulgation by the United States Treasury of any temporary, proposed or final regulation, after the date of the initial authentication and delivery of the Bonds which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to or (b) imposes, or would impose, reduces or would reduce, or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of Bonds the interest on which is excluded from federal gross income under Section 103 of the Code.

"Commercial Paper Dealer" means _____ or any other commercial paper dealer appointed in writing by the Issuer, provided that any such entity is a commercial paper dealer.

"Commercial Paper/Treasury Rate" means, as of any date of determination (i) in the case of any Auction Period of less than forty-nine (49) days, the interest equivalent of the thirty (30) day rate, (ii) in the case of any Auction Period of forty-nine (49) days or more but less than seventy (70) days, the interest equivalent of the sixty (60) day rate, (iii) in the case of any Auction Period of seventy (70) days or more but less than eighty-five (85) days, the arithmetic average of the interest equivalents of the sixty (60) day and ninety (90) day rates, (iv) in the case of any Auction Period of eighty-five (85) days or more but less than ninety-nine (99) days, the interest equivalent of the ninety (90) day rate, (v) in the case of any Auction Period of ninety-nine (99) days or more but less than one hundred twenty (120) days, the arithmetic average of the interest

equivalents of the ninety (90) day and one hundred twenty (120) day rates, (vi) in the case of any Auction Period of one hundred twenty (120) days or more but less than one hundred forty-one (141) days, the interest equivalent of the one hundred twenty (120) day rate, (vii) in the case of any Auction Period of one hundred forty-one (141) days or more but less than one hundred sixty-two (162) days, the arithmetic average of the interest equivalents of the one hundred twenty (120) day and one hundred eighty (180) day rates, (viii) in the case of any Auction Period of one hundred sixty-two (162) days or more but less than one hundred eighty-three (183) days, the interest equivalent of the one hundred eight (180) day rate, and (ix) in the case of any Auction Period of one hundred eighty-three (183) days or more, the Treasury Rate with respect to such Auction Period. The foregoing rates (other than the Treasury Rate) shall in all cases be rates on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by Standard & Poor's Ratings Services, or the equivalent of such rating by Standard & Poor's Ratings Services, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or in the event that the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealer, to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination.

If the Commercial Paper Dealer does not quote a commercial paper rate required to determine the Commercial Paper/Treasury Rate, the Commercial Paper/Treasury Rate shall be determined on the basis of such quotation or quotations furnished by any substitute commercial paper dealer selected by the Issuer to provide such quotation or quotations not being supplied by the Commercial Paper Dealer. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (A) 100 and (B) the quotient (rounded upwards to the next higher one-thousandth (.001) of one percent (1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) one and zero hundredths (1.00) and (2) a fraction the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be three hundred sixty-five (365).

"Existing Holder" means a person who is listed as the beneficial owner of Bonds in the records of the Auction Agent.

"Hold Order" has the meaning set forth in Section 2 of these Auction Procedures.

"Index" means, as of any date of determination (i) the tax-exempt money market rate index for thirty (30) day variable rate obligations prepared by the Market Agent provided through Bloomberg Financial Markets of Bloomberg L.P., or on Dalcomp system on such date of determination or (ii) if such rate is not published by 9:00 A.M. (New York City time) on such date of determination, the interest index published by the market agent representing the weighted average of the yield on tax-exempt

commercial paper, or tax-exempt bonds bearing interest at a commercial paper rate or pursuant to a commercial paper mode, having a range of maturities or mandatory purchase dates between twenty-five (25) and thirty-six (36) days traded during the immediately preceding five Business Days or (iii) if no such interest index is published by the market agent, then the BMA Index.

"Market Agent" means any entity appointed as such under Section 2.03(e)(v) of the Indenture and its successors in such capacity.

"Maximum Auction Rate" means, as of any date of determination (i) if such determination is in respect of an Auction with respect to a standard auction period and is made during a standard auction period, the interest rate per annum equal to the lesser of (A) [eighteen (18)] percent and (B) the Applicable Percentage of the greater of (a) the After-Tax Equivalent Rate, as determined as of such date with respect to a standard auction period and (b) the Index as of such date or (ii) if otherwise, the interest rate per annum equal to the lesser of (A) [eighteen (18)] percent and (B) the Applicable Percentage of the greatest of (a) the After-Tax Equivalent Rate, as determined as of such date with respect to a standard auction period, (b) the After-Tax Equivalent Rate, as determined as of such date with respect to the Auction Period, if any, which is proposed to be established, (c) the After-Tax Equivalent Rate, as determined as of such date with respect to the Auction Period then ending and (d) the Index as of such date.

"Minimum Auction Rate" means, as of any date of determination, the rate per annum equal to the lesser of (i) ninety percent (90%) (as such percentage may be adjusted pursuant to Section 6 of these Auction Procedures) of the After-Tax Equivalent Rate, as determined as of such date with respect to the Auction Period in respect of which such determination is made and (ii) ninety percent (90%) of the Index as of such date.

"No Auction Rate" means, as of any date of determination, the applicable Commercial Paper/Treasury Rate for the Auction Period multiplied by the applicable percentage set forth in the following table:

Prevailing Rating	Applicable Percentage
"AAA"/"Aaa"	65%
"AA"/"Aa"	70%
"A"/"A"	85%
Below "A"/"A"	100%

For the purposes of this definition, the term "prevailing rating" shall have the meaning ascribed to such term in the defined term "Applicable Percentage".

"Potential Holder" means any person, including any Existing Holder, who may be interested in acquiring the beneficial ownership of Bonds during an Auction Rate Period or, in the case of an Existing Holder thereof, the beneficial ownership of an additional principal amount of Bonds during an Auction Rate Period.

"Sell Order" has the meaning set forth in Section 2 of these Auction Procedures.

"Standard Auction Period" initially means an Auction Period of thirty-five (35) days and, after the establishment of a different Auction Period pursuant to Section 2.03(e)(i) of the Indenture, means such different Auction Period; provided that, so long as the standard auction period is thirty-five (35) days and ends initially on a Wednesday, in the event the last Wednesday of the Auction Period is not immediately followed by a Business Day, with the result that the last day of such Auction Period is the next succeeding day that is immediately followed by a Business Day, the standard auction period following such Auction Period shall be reduced to a shorter number of days so that the last day of the Auction Period following such Auction Period is the fifth (5th) Wednesday following such Auction Period, all subject, however, to the provisions contained in the definition of the term Auction Period.

"Statutory Corporate Tax Rate" means, as of any date of determination, the highest tax rate bracket (expressed in decimals and currently thirty-five percent (35%)) now or hereafter applicable in the then current taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during such taxable year.

"Submission Deadline" means 1:00 P.M., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" has the meaning set forth in Section 4 of these Auction Procedures.

"Submitted Hold Order" has the meaning set forth in Section 4 of these Auction Procedures.

"Submitted Order" has the meaning set forth in Section 4 of these Auction Procedures.

"Submitted Sell Order" has the meaning set forth in Section 4 of these Auction Procedures.

"Substitute Commercial Paper Dealer" means a Commercial Paper Dealer appointed in writing by the Issuer, or its successors and their respective assigns, provided that neither such entity nor any of its affiliates shall be the Commercial Paper Dealer.

"Sufficient Clearing Bids" has the meaning set forth in Section 4 of these Auction Procedures.

"Treasury Rate" shall mean on any date of determination for any Auction Period, (i) the bond equivalent yield calculated in accordance with prevailing industry convention of the rate on the most recently auctioned direct obligations of the United States Government having a maturity at the time of issuance of three hundred sixty-four (364) days or less with a remaining maturity closest to the length of such Auction Period as quoted in *The Wall Street Journal* on such date for the Business Day next preceding such date; or (ii) in the event that any such rate is not published by *The Wall Street Journal*, then the bond equivalent yield calculated in accordance with prevailing industry convention as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligations of the United States Government having a maturity at the time of issuance of three hundred sixty-four (364) days or less with a remaining maturity closest to the length of such Auction Period, based on bid price quotations on such date obtained by the Auction Agent from the United States government securities dealer; provided, that, if the United States government securities dealer does not provide a bid price quotation required to determine the treasury rate, the treasury rate shall be determined on the basis of the quotation or quotations furnished by a substitute United States Government securities dealer selected by the Issuer to provide such rate or rates not being supplied by the United States Government securities dealer.

"United States Government Securities Dealer" shall mean _____ _____, or any other United States Government securities dealer appointed in writing by the Issuer, its successors and their respective assigns, provided that any such entity is a United States Government securities dealer.

"Winning Bid Rate" has the meaning set forth in Section 4 of these Auction Procedures.

Section 2. Orders By Existing Holders And Potential Holders.

(a) Auctions shall be conducted on each Auction Date in the manner described in this Section 2 and in Sections 3, 4 and 5 of these Auction Procedures. Prior to the Submission Deadline on each Auction Date during an Auction Rate Period:

(i) each Existing Holder may submit to the Broker-Dealer information as to:

(A) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(B) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder (1) offers to continue to hold if the Auction Rate for the next succeeding Auction Period shall not be less than the rate per annum specified by such Existing Holder and (2) if such offer to hold shall not be accepted in whole, offers to sell as and to the extent provided in subsection (b)(i) of this Section 2; and/or

(C) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period;

(ii) one (1) or more Broker-Dealers may contact Potential Holders to determine the principal amount of Bonds which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (i)(A), (i)(B) or (i)(C) or clause (ii) above is hereinafter referred to as an "Order" and each Existing Holder and Potential Holder placing an Order is hereinafter referred to as a "Bidder" an Order containing the information referred to in clause (i)(A) above is hereinafter referred to as a "Hold Order"; an Order containing the information referred to in clause (i)(B) or clause (ii) above is hereinafter referred to as a "Bid"; and an Order containing the information referred to in clause (i)(C) above is hereinafter referred to as a "Sell Order".

(b) (i) Subject to the provisions of Section 3 of these Auction Procedures, a Bid by an Existing Holder, to the extent not accepted under subsection (a)(i)(B)(1) above, shall be deemed to have been rejected and, thereupon, to constitute an irrevocable offer to sell:

(A) the principal amount of Bonds specified in such Bid if the Auction Rate determined pursuant to these Auction Procedures on such Auction Date shall be less than the interest rate per annum specified therein; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as set forth in subsection (a)(iv) of Section 5 of these Auction Procedures if the Auction Rate determined pursuant to these Auction Procedures on such Auction Date shall be equal to the interest rate per annum specified therein; or

(C) such principal amount if the interest rate per annum specified therein shall be higher than the Maximum Auction Rate or such principal amount or a lesser principal amount of Bonds to be determined as set forth in subsection (b)(iii) of Section 5 of these Auction Procedures if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions of Section 3 of these Auction Procedures, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(A) the principal amount of Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in subsection (b)(iii) of Section 5 of these Auction Procedures if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 3 of these Auction Procedures, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(A) the principal amount of Bonds specified in such Bid if the Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in subsection (a)(v) of Section 5 of these Auction Procedures if the Auction Rate determined on such Auction Date shall be equal to such specified rate.

Section 3. Submission Of Orders By Broker-Dealers To Auction Agent.

(a) During an Auction Rate Period, each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date during the Auction Rate Period, all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(i) the aggregate principal amount of Auction Bonds that are subject to such Order;

(ii) to the extent that such Bidder is an Existing Holder:

(A) the principal amount of Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(B) the principal amount of Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(C) the principal amount of Bonds, if any, subject to any Sell Order placed by such Existing Holder.

(iii) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(b) If any rate specified in any Bid contains more than three (3) figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of one percent (1%).

(c) If an Order or Orders covering all Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent. None of the Issuer, the Trustee and the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(d) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one (1) or more Orders covering in the aggregate more than the principal amount of Bonds held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including the principal amount of Bonds held by such Existing Holder, and, if the aggregate principal amount of Bonds subject to such Hold Orders exceeds the aggregate principal amount of Bonds held by such Existing Holder, the aggregate principal amount of Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Bonds held by such Existing Holder;

(ii)(A) any Bid shall be considered valid up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of Bonds subject to any Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, if more than one (1) Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and, the principal amount of Bonds subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Bonds equal to such excess;

(C) subject to clauses (A) and (B) above, if more than one (1) Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached

at which such excess exists and then at such rate up to and including the amount of such excess; and

(D) in any such event, the aggregate principal amount of Bonds, if any, subject to Bids not valid under this paragraph (ii) shall be treated as subject to a Bid by a Potential Holder at the rate therein specified; and

(iii) all Sell Orders shall be considered valid up to and including a principal amount of Bonds equal to the excess of (A) the principal amount of Bonds held by such Existing Holder over (B) the sum of the principal amount of Bonds subject to valid Hold Orders referred to in paragraph (i) above and the principal amount of Bonds subject to valid Bids referred to in paragraph (ii) above.

(e) If more than one (1) Bid for Bonds is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid for Bonds with the rate and principal amount therein specified.

(f) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Bonds not equal to an Authorized Auction Denomination shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Bonds not equal to an Authorized Auction Denomination shall be rejected.

(g) Any Bid submitted by an Existing Holder or Potential Holder specifying a rate lower than the Minimum Auction Rate shall be treated as a Bid specifying the Minimum Auction Rate.

(h) Any Order submitted by a Broker-Dealer to the Auction Agent prior to the Submission Deadline on any Auction Date shall be irrevocable.

Section 4. Determination Of Sufficient Clearing Bids, Winning Bid Rate And Auction Rate.

(a) Not earlier than the Submission Deadline on each Auction Date during the Auction Rate Period, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order", a "Submitted Bid" or a "Submitted Sell Order", as the case may be or as a "Submitted Order") and shall determine:

(i) the excess, if any, of the total principal amount of Bonds over the aggregate principal amount of Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Bonds"); and

(ii) from the Submitted Orders whether or not the aggregate principal amount of Bonds subject to Submitted Bids by Potential Holders specifying one (1) or more rates not higher than the Maximum Auction Rate exceeds or is equal to the sum of:

(A) the aggregate principal amount of Bonds subject to Submitted Bids by Existing Holders specifying one (1) or more rates higher than the Maximum Auction Rate; and

(B) the aggregate principal amount of Bonds subject to Submitted Sell Orders

(it being understood that, in the event of such excess or such equality (other than because the sum of the principal amounts of Bonds in clauses (A) and (B) above is zero (0) because all of the Bonds are subject to Submitted Hold Orders), there shall be deemed to exist, and such Submitted Bids by Potential Holders shall be hereinafter called, collectively, "Sufficient Clearing Bids"); and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the "Winning Bid Rate") which if:

(A) (I) each Submitted Bid from Existing Holders specifying such lowest rate and (II) all other Submitted Bids from Existing Holders specifying lower rates were accepted, thus entitling such Existing Holders to continue to hold the Bonds that are the subject of such Submitted Bids; and

(B) (I) each Submitted Bid from Potential Holders specifying such lowest rate and (II) all other Submitted Bids from Potential Holders specifying lower rates were accepted, thus entitling and requiring such Potential Holders to purchase the Bonds that are the subject of such Submitted Bids,

would result in such Existing Holders described in clause (A) above continuing to hold an aggregate principal amount of Bonds which, when added to the aggregate principal amount of Bonds to be purchased by such Potential Holders described in clause (B) above, would equal not less than the Available Bonds.

(b) Promptly after the Auction Agent has made the determinations pursuant to subsection (a) of this Section 4 of these Auction Procedures, the Auction Agent by facsimile or electronic transmission, or by telephone (promptly confirmed by such means), shall advise the Issuer and the Trustee of the Maximum Auction Rate and the Minimum Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(i) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;

(ii) if Sufficient Clearing Bids do not exist (other than because all of the Bonds are the subject of Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Auction Rate; and

(iii) if all of the Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Minimum Auction Rate.

Section 5. Acceptance And Rejection Of Submitted Bids And Submitted Sell Orders And Allocation Of Auction Bonds.

Existing Holders shall continue to hold the principal amounts of Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (a) of Section 4 of these Auction Procedures, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected, and the Auction Agent shall take such other actions, as set forth below:

(a) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (e) and (f) of this Section 5 of these Auction Procedures, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Holder to sell the aggregate principal amount of Bonds subject to such Submitted Bids;

(ii) existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(iii) potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus entitling and requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids;

(iv) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bid, unless the aggregate principal amount of Bonds subject to all such Submitted Bids shall be greater than the principal amount of Bonds (the "Remaining Principal Amount") equal to the excess of the Available Bonds over the aggregate principal amount of the Bonds subject to Submitted Bids described in paragraphs (ii) and (iii) of this subsection (a), in which event such Submitted Bid of such Existing Holder shall be accepted in part only, and such Existing Holder shall be entitled to

continue to hold the Bonds subject to such Submitted Bid only in the principal amount obtained by multiplying the Remaining Principal Amount by a fraction, the numerator of which shall be the principal amount of Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and the remainder of such Submitted Bid shall be rejected, thus requiring such Existing Holder to sell the excess principal amount of Bonds as to which such Submitted Bid shall not have been accepted as aforesaid; and

(v) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Bonds obtained by multiplying the excess of the Available Bonds over the aggregate principal amount of Bonds subject to Submitted Bids described in paragraphs (ii), (iii) and (iv) of this subsection (a) by a fraction the numerator of which shall be the aggregate principal amount of Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Auction Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate; and the remainder of such Submitted Bid shall be rejected; and

(vi) each Potential Holder's Submitted Bid specifying a rate that is higher than the Winning Bid Rate shall be rejected.

(b) If Sufficient Clearing Bids have not been made (other than because all of the Bonds are subject to Submitted Hold Orders), subject to the provisions of subsection (e) of this Section 5 of these Auction Procedures, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(ii) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus entitling and requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids;

(iii) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate shall be rejected, and each Existing Holder's Submitted Sell Order shall be accepted, thus requiring each Existing Holder that submitted any such Submitted Bid and/or Submitted Sell Order to sell the Bonds subject to such Submitted Bid and/or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Bonds obtained by multiplying the aggregate principal amount of Bonds subject to Submitted Bids described in paragraph (ii) of this subsection (b) by a fraction, the numerator of which shall be the aggregate principal amount of Bonds held by such Existing Holder subject to such Submitted Bid and/or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Bonds subject to all such Submitted Bids and Submitted Sell Orders; and the remainder of such Existing Holder's Submitted Bid and/or Submitted Sell Order shall be deemed to be, and shall be deemed to be accepted as, a Hold Order thus entitling such Existing Holder to continue to hold such excess principal amount of Bonds as to which such Submitted Bid shall not have been rejected, and/or such Submitted Sell Order shall not have been accepted, as aforesaid; and

(iv) each Potential Holder's Submitted Bid specifying a rate that is higher than the Maximum Auction Rate shall be rejected.

(c) If all Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(d) If, as a result of the procedures described in subsection (a) or (b) of this Section 5 of these Auction Procedures, any Existing Holder would be required to sell, or any Potential Holder would be required to purchase, a principal amount of Bonds that is not equal to an Authorized Auction Denomination, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Auction Denomination.

(e) If, as a result of the procedures described in subsection (a) of this Section 5 of these Auction Procedures, any Potential Holder would be required to purchase less than Twenty-five Thousand Dollars ($25,000) in aggregate principal amount of Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Bonds for purchase among Potential Holders so that only Bonds in principal amounts equal to an Authorized Auction Denomination are purchased by any Potential Holder, even if such allocation results in one (1) or more of such Potential Holders not purchasing any Bonds.

(f) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amounts of Bonds to be purchased and the aggregate principal amounts of Bonds to be sold by Potential Holders and Existing Holders on whose

behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such amounts differ, determine to which other Broker-Dealer or Broker-Dealers acting for one (1) or more purchasers of Bonds such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one (1) or more sellers of Bonds such Broker-Dealer shall receive, as the case may be, Bonds.

(g) The Issuer may not submit an Order in any Auction.

Section 6. Adjustment In Percentage.

(a) The Market Agent may with the prior written consent of the Bond Insurer from time to time adjust the percentages set forth in the definitions of the Applicable Percentage, the No Auction Rate, the Maximum Auction Rate and/or the Minimum Auction Rate if any such adjustment is necessary, in the judgment of the Market Agent, to reflect the effect of any Change of Preference Law. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates, (ii) the market supply and demand for short-term tax-exempt securities, (iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the Bonds, (iv) general economic conditions and (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Bonds.

(b) The Market Agent shall communicate its determination to adjust any of such percentages pursuant to subsection 1 hereof by means of a written notice delivered at least ten (10) days prior to the Auction Date on which the Market Agent desires to effect the change to the Issuer, the Trustee and the Auction Agent. Such notice shall be effective only if it is accompanied by the form of opinion that Bond Counsel expects to be able to give on such Auction Date to the effect that such adjustment is authorized by the Indenture and will not have an adverse effect on the exclusion of interest on such Bonds from gross income for federal income tax purposes.

(c) Any such adjustment shall take effect on an Auction Date only if (A) the Trustee and the Auction Agent receive, by 11:00 A.M. (New York City time) on the Business Day immediately preceding such Auction Date, a certificate from the Market Agent by telecopy or similar means, (i) authorizing such adjustment which shall be specified in such authorization, and (ii) confirming that Bond Counsel expects to be able to give an opinion on such Auction Date to the effect that such adjustment is authorized by the Indenture, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes, and (B) the Trustee and the Auction Agent receive by 9:30 A.M. (New York City time) on such Auction Date, an opinion of Bond Counsel to such effect. If the condition referred to in (A) above is not met, the existing percentages used in the definitions of Applicable Percentage and Minimum Auction Rate shall remain in effect and the

Auction Rate for the next succeeding Auction Period shall be determined pursuant to these Auction Procedures. If the condition referred to in (B) above is not met, such percentages shall remain in effect and the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate as determined on such Auction Date.

Section 7. Modification.

If there shall have been delivered to the Trustee an instrument, executed by the Issuer, the Auction Agent, each Broker-Dealer and the Bond Insurer, setting forth one or more modifications to these Auction Procedures, together with a certificate of the Market Agent to the effect that such modifications are desirable in order to minimize the effective interest cost of the Bonds in light of prevailing financial market conditions, then these Auction Procedures shall be deemed, without further action, to have been modified and amended to the extent, and as of the effective date, set forth in such instrument; provided, however, that no such certificate shall be required if such modification is solely for the purpose of curing or correcting any ambiguity, omission or defective provision; and provided, further, that there shall also have been delivered to the Trustee an opinion of Bond Counsel to the effect that such modification is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from the gross income of the owners or beneficial owners thereof for federal income tax purposes.

Exhibit "E".
(To Ordinance)

City Of Chicago, Illinois

*$*_____

Auction Rate Bonds,
Series ____.

Auction Agreement.

This auction agreement, dated as of_____, 2002, between the City of Chicago, a municipal corporation and a home rule unit of the State of Illinois (the "City") and [Name of Auction Agent], a banking corporation organized and existing under and by virtue of the laws of the State of New York (together with its successors and assigns, the "Auction Agent"), is entered into pursuant to an Indenture of Trust, dated as of

_____, 2002 (the "Indenture"), between the City and _____, as trustee (the "Trustee").

Whereas; The City proposes to issue $_____ aggregate principal amount of its Auction Rate Bonds, Series _____ (hereinafter referred to as the "Bonds") pursuant to the Indenture;

Now, Therefore, In consideration of the premises and the mutual covenants contained herein, the City and the Auction Agent agree as follows:

1.

Definitions And Rules Of Construction.

1.1 Terms Defined By Reference To The Indenture.

Capitalized terms not defined herein shall have the respective meanings assigned thereto in the Indenture (including Appendix B thereto).

1.2 Terms Defined Herein.

As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

(a) "Agent Member" shall mean a member of, or participant in, The Depository Trust Company ("D.T.C.").

(b) "Auction" shall have the meaning specified in Section 2.1 hereof.

(c) "Auction Agent Acceptance Fee" means an acceptance fee as set forth in a written agreement signed by the Auction Agent and the City.

(d) "Auction Procedures" shall mean the auction procedures that are set forth in Appendix B to the Indenture.

(e) "Authorized Officer" shall mean each vice president, assistant vice president and assistant treasurer of the Auction Agent assigned to its Dealing and Trading Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes hereof in a communication to the City.

(f) "Authorized City Representative" shall mean the _____ and every other officer or employee of the City designated as an "Authorized City Representative" for purposes hereof in a communication to the Auction Agent.

(g) "Broker-Dealer Agreement" shall mean each agreement between the Auction Agent and a Broker-Dealer substantially in the form attached hereto as (Sub)Exhibit A.

(h) "D.T.C. Letter" shall mean the letter agreement relating to the Bonds among the City, the Trustee and the Remarketing Agent, and accepted by D.T.C., entered into in connection with D.T.C.'s book-entry-only system.

(i) "Existing Holder Registry" shall mean the register maintained by the Auction Agent pursuant to Section 2.2 hereof.

(j) "Issue Date" shall mean the date of original issuance of the Bonds.

(k) "Settlement Procedures" shall mean the Settlement Procedures attached to the Broker-Dealer Agreement as (Sub)Exhibit A thereto.

1.3 Rules Of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this agreement:

(a) words importing the singular number shall include the plural number and vice versa;

(b) the captions and headings herein are solely for convenience of reference and shall not constitute a part of this agreement nor shall they affect its meaning, construction or effect;

(c) the words "hereof", "herein", "hereto" and other words of similar import refer to this agreement as a whole; and

(d) all references herein to a particular time of day shall be to New York City time.

2.

The Auction.

2.1 Purpose; Incorporation By Reference Of Auction Procedures And Settlement Procedures.

(a) The Indenture provides that the interest rate on the Bonds for each Auction Period after the initial Auction Period, except as provided in Section 2.03(e) thereof, shall equal the interest rate per annum that an Auction Agent appointed by the City advises results from implementation of the Auction Procedures; provided that such interest rate shall not exceed [eighteen (18)] percent per annum. The City has duly appointed [Name of Auction Agent], as Auction Agent for purposes of the Auction Procedures and to perform such other obligations and duties as are herein set forth. The Auction Agent hereby accepts such appointment and agrees that, on each Auction Date, it will follow the procedures set forth in this Section 2 and the Auction Procedures for the purpose of, among other things, determining the Auction Rates for each Auction Period (other than the initial Auction Period). Each periodic operation of such procedures is hereinafter referred to as an "Auction".

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part hereof to the same extent as if such provisions were fully set forth herein.

2.2 Preparation For Each Auction; Maintenance Of Registry Of Existing Holders.

(a) (i) The Auction Agent shall maintain a current registry of persons, compiled as described below, that own Bonds that accrue interest at an Auction Rate (such registry being herein called the "Existing Holder Registry"). Such persons shall constitute the Existing Holders for purposes of each Auction. The Auction Agent shall indicate in the Existing Holder Registry the identity of the respective Broker-Dealer of each Existing Holder, if any, on whose behalf such Broker-Dealer submitted the most recent Order in any Auction which resulted in such Existing Holder continuing to hold or purchasing a Bond. _____, as an initial Broker-Dealer, shall provide or cause to be provided to the Auction Agent on the Issue Date a list of the initial Existing Holders. The Auction Agent may conclusively rely upon, as evidence of the identities of the Existing Holders, such list, the results of each Auction and notices from any Existing Holder, the Agent Member of any Existing Holder or the Broker-Dealer of any Existing Holder as described in the first (1st) sentence of Section 2.2(a)(iii) hereof, and notices from the Broker-Dealers as described in Section 2.2(a)(iii).

(ii) The City shall notify the Auction Agent in writing when any notice of redemption

or mandatory tender is sent to D.T.C. as Holder of Bonds not later than 11:00 A.M. on the date such notice is sent. In the event the Auction Agent receives from the City written notice of any partial redemption or mandatory tender of any Bonds, the Auction Agent shall, at least three (3) Business Days prior to the redemption date or tender date with respect to such Bonds, request D.T.C. to notify the Auction Agent of the identities of the Agent Members (and the respective principal amounts) from the accounts of which Bonds have been called for redemption or mandatory tender and the person or department at such Agent Member to contact regarding such redemption or mandatory tender and, at least two (2) Business Days prior to the redemption date or tender date with respect to Bonds being partially redeemed or called for tender, the Auction Agent shall request each Agent Member so identified to disclose to the Auction Agent (upon selection by such Agent Member of the Existing Holders whose Bonds are to be redeemed or tendered) the aggregate principal amount of such Bonds of each such Existing Holder, if any, to be redeemed by the City or tendered; provided the Auction Agent has been furnished with the name and telephone number of a person or department at such Agent Member from which it is to request such information. In the absence of receiving any such information with respect to an Existing Holder, from such Existing Holder's Agent Member or otherwise, the Auction Agent may continue to treat such Existing Holder as the beneficial owner of the principal amount of Bonds shown in the Existing Holder Registry.

(iii) The Auction Agent shall register in the Existing Holder Registry a transfer of Bonds only if (A) such transfer is pursuant to an Auction or (B) if such transfer is made other than pursuant to an Auction, the Auction Agent has been notified in writing in a notice substantially in the form of (Sub)Exhibit C to the Broker-Dealer Agreement, by the Existing Holder that is the transferor, the Agent Member of such Existing Holder or the Broker-Dealer of such Existing Holder, of such transfer. The Auction Agent shall rescind a transfer made on the Existing Holder Registry if the Auction Agent has been notified in writing in a notice substantially in the form of (Sub)Exhibit D to the Broker-Dealer Agreement, by the Agent Member or the Broker-Dealer of any person that (i) purchased any Bonds and the seller failed to deliver such Bonds or (ii) sold any Bonds and the purchaser failed to make payment to such person upon delivery to the purchaser of such Bonds. The Auction Agent is not required to accept any notice of transfer delivered prior to an Auction unless it is received by the Auction Agent by 3:00 P.M. on the Business Day next preceding the applicable Auction Date.

(iv) Not later than 12:00 Noon on the Business Day preceding each Auction Date, the Auction Agent shall notify the Broker-Dealers of the aggregate principal amount of Bonds by telecopy or other similar means; provided that the Auction Agent shall not be required to deliver such notice if there is no change in the amount of such Bonds from the immediately preceding notice.

(v) The Auction Agent may request that the Broker-Dealers, as set forth in the Broker-Dealer Agreement, provide the Auction Agent with a list of their respective customers that such Broker-Dealers believe are Existing Holders of Bonds. The Auction Agent shall keep confidential any such information and shall not disclose any such

information so provided to any person other than the relevant Broker-Dealer and the City, provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that its failure to do so would be unlawful or would impose upon the Auction Agent any actual or potential loss, claim, damage, liability or expense for which it has not received indemnity satisfactory to it.

(vi) In the event that any day that is scheduled to be an Auction Date shall be changed after the Auction Agent shall have given the notice referred to in clause (vii) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealer not later than 9:15 A.M. on the earlier of the new Auction Date or the old Auction Date.

2.3 Minimum And Maximum Auction Rates.

(a) On the date hereof, the Applicable Percentage is ____% and the ratings assigned to the Bonds by Moody's and Fitch are ____ and ____, respectively. If there is any change in the ratings assigned to the Bonds by Moody's or Fitch (or substitute or successor rating agencies) which results in a change to the Applicable Percentage after the date of this Agreement or if the Applicable Percentage is adjusted by the Market Agent in accordance with Section 6 of the Auction Procedures, the Market Agent shall notify the Auction Agent in writing of such change in the Applicable Percentage prior to 9:00 A.M. on the Auction Date next succeeding such change. In determining the Maximum Auction Rate on any Auction Date as set forth in Section 2.3 (b)(i) hereof, the Auction Agent shall be entitled to conclusively rely on the Applicable Percentage of which it has most recently received notice from the Market Agent (or, in the absence of such notice, the Applicable Percentage set forth in the first (1st) sentence of this paragraph (a)).

(b) (i) On each Auction Date, the Auction Agent shall determine the Commercial Paper/Treasury Rate, the Minimum Auction Rate and the Maximum Auction Rate. Pursuant to the Indenture, not later than 9:00 A.M. on each Auction Date, the Remarketing Agent shall notify the Auction Agent by telephone of the Index for use by the Auction Agent in connection with such determination. Not later than 9:30 A.M. on each Auction Date, the Auction Agent shall notify the City and the Broker-Dealers of the Minimum Auction Rate and the Maximum Auction Rate so determined and the Commercial Paper Rate/Treasury Rate or the Index, as the case may be, used to make such determination.

(ii) If the ownership of the Bonds is no longer maintained in book-entry form by D.T.C., no further Auctions will be held and the interest rate on the Bonds for each subsequent Auction Period commencing after delivery of Bond certificates will equal the Maximum Auction Rate as determined by the City on the Business Day immediately preceding the first (1st) day of such Auction Period as provided in the Indenture.

(iii) If the Commercial Paper/Treasury Rate is not quoted on an interest basis but is quoted on a discount basis, the Auction Agent shall convert the quoted rate to an interest equivalent, as set forth in the definition of Commercial Paper/Treasury Rate in Appendix B to the Indenture; or, if the rate obtained by the Auction Agent is not quoted on an interest or discount basis, the Auction Agent shall convert the quoted rate to an interest rate after consultation with the City as to the method of such conversion.

(iv) If the Commercial Paper/Treasury Rate is to be based on rates supplied by the Commercial Paper Dealer and the Commercial Paper Dealer shall not provide a quotation for the determination of the Commercial Paper/Treasury Rate, the Auction Agent shall immediately notify the City so that the City can determine whether to select the Substitute Commercial Paper Dealer to provide the quotation or quotations not being supplied by the Commercial Paper Dealer. The City shall promptly advise the Auction Agent of any such selection.

2.4 Auction Schedule.

The Auction Agent shall conduct Auctions in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent with the consent of the City, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to each Broker-Dealer. Such notice shall be received prior to the first (1st) Auction Date on which any such change shall be effective.

Time	Event
By 9:00 A.M.	Market Agent provides the Auction Agent with the Index.
By 9:30 A.M.	Auction Agent advises the City and the Broker-Dealers of the Maximum Auction Rate, the Minimum Auction Rate and the Commercial Paper/Treasury Rate or the Index, as the case may be, used in determining the Maximum Auction Rate and the Minimum Auction Rate as set forth in Section 2.3(b)(i) hereof.

Time	Event
9:30 A.M. -- 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3 of the Auction Procedures. Submission Deadline is 1:00 P.M.
Not earlier than 1:00 P.M.	Auction Agent makes determination pursuant to Section 4(a) of the Auction Procedures.
By approximately 3:00 P.M.	Auction Agent advises City of the results of Auction and the Auction Rate for the next Auction Period, as provided in Section 4(b) of the Auction Procedures. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of Bonds are allocated as provided in Section 5 of the Auction Procedures. Auction Agent gives notice of Auction results as set forth in paragraph (a) of the Settlement Procedures.

The Auction Agent shall follow the notification procedures set forth in paragraph (a) of the Settlement Procedures.

2.5 Changes In Applicable Percentages Pursuant To Section 6 Of The Auction Procedures.

(a) Auction Agent shall mail any notice delivered to it pursuant to the Indenture to the Existing Holders within two (2) Business Days of its receipt thereof.

(b) The Auction Agent shall deliver any such notice delivered to it pursuant to Section 6 of the Auction Procedures to the Broker-Dealers not later than 3:00 P.M. on the Business Day on which it receives such certificate.

2.6 [Reserved].

2.7 Notices To Existing Holders.

The Auction Agent shall be entitled to conclusively rely upon the address of each Existing Holder as such address is delivered by such Existing Holder or such Existing Holder's Broker-Dealer or Agent Member in connection with any notice to Existing Holders required to be given by the Auction Agent pursuant to this Section 2.

2.8 Events Of Default.

(a) If the Auction Agent shall have received a notice from the Trustee that an Event of Default shall have occurred, the Auction Agent shall deliver a notice of such event to the Broker-Dealers on the Business Day it receives the same by telecopy or other similar means.

(b) The Auction Agent shall deliver a copy of any notice received by it from the Trustee to the effect that an Event of Default has been cured or waived to the Broker-Dealers on the Business Day following its receipt thereof by telecopy or other similar means.

2.9 Broker-Dealers.

(a) The Auction Agent, on the Issue Date, shall enter into a Broker-Dealer Agreement with _____, as initial Broker-Dealer. The Auction Agent may, thereafter, with the consent of the City, enter into a Broker-Dealer Agreement with any person who requests to be selected to act as a Broker-Dealer in accordance with the provisions of the Indenture. The Auction Agent shall have entered into a Broker-Dealer Agreement with each Broker-Dealer prior to the participation of any such Broker-Dealer in any Auction. The Auction Agent shall not be required to enter into a Broker-Dealer Agreement with any Broker-Dealer within seven (7) days of any Auction Date unless prior thereto it shall have received a manually executed Broker-Dealer Agreement from a Broker-Dealer reasonably acceptable to the Auction Agent.

(b) The Auction Agent shall terminate any Broker-Dealer Agreement as set forth therein if so directed by the City.

2.10 Access To And Maintenance Of Auction Records.

The Auction Agent shall afford to the City, its agents, independent public accountants and counsel, access at reasonable times during normal business hours to review and

make extracts or copies (at the City's sole cost and expense) of all books, records, documents and other information concerning the conduct and results of Auctions, provided that any such agent, accountant, or counsel shall furnish the Auction Agent with a letter from the City requesting that the Auction Agent afford such person access. The Auction Agent shall maintain records relating to any Auction for a period of two (2) years after such Auction (unless requested by the City to maintain such records for such longer period not in excess of four (4) years, then for such longer period), and such records shall, in reasonable detail, accurately and fairly reflect the actions taken by the Auction Agent hereunder. The City agrees to keep any information regarding the customers of any Broker-Dealer received from the Auction Agent in connection with this Agreement or any Auction confidential and shall not disclose such information or permit the disclosure of such information without the prior written consent of the applicable Broker-Dealer to anyone except such agent, accountant or counsel engaged to audit or review the results of Auctions as permitted by this Section 2.10. Any such agent, accountant or counsel, before having access to such information, shall agree to keep such information confidential and not to disclose such information or permit disclosure of such information without the prior written consent of the applicable Broker-Dealer, except as may otherwise be required by law. The Auction Agent shall not be responsible or liable for any actions of the City or its respective agents, accountants or counsel for disclosure of confidential information as a result of such access.

3.

Membership In D.T.C.

As of the date hereof, the Auction Agent is a member of, or participant in, D.T.C.. The Auction Agent will provide the City with notice at least ninety (90) days prior to the date, if any, on which it shall resign as a member of, or participant in, D.T.C..

4.

Representations And Warranties.

The City represents and warrants that:

(i) this Agreement has been duly and validly authorized, executed and delivered by the City and constitutes the legal, valid and binding obligation of the City;

(ii) neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Agreement will conflict with, violate or result in a breach of, the terms, conditions or provisions of, or constitute a default under any law or regulation, any order or decree of any court or public authority having jurisdiction over the City, or, to the knowledge of the officer executing this Agreement, any mortgage, indenture, contract, agreement or undertaking to which the City is a party or by which it is bound; and

(iii) all approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the City that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations under this Agreement have been obtained.

5.

The Auction Agent.

5.1 Duties And Responsibilities.

(a) The Auction Agent is acting solely as agent for the City hereunder and owes no fiduciary duties to any person by reason of this Agreement and no implied duties, fiduciary or otherwise, shall be read into this Agreement against the Auction Agent.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and the Indenture, and no implied covenants or obligations shall be read into this Agreement or the Indenture against the Auction Agent by reason of any offering materials used in connection with the sale of the Bonds or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts. In no event shall the Auction Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profit), even if the Auction Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(d) The Auction Agent shall: (i) not be required to and shall make no representations and have no responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; (ii) not be obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with reasonable indenmity; and (iii) not be responsible for or liable in any respect on account of identity, authority or rights of any person executing or delivering or purporting to execute or deliver any document under this Agreement unless the Authorized Officer of the Auction agent had actual knowledge that such person was not authorized or entitled to execute or deliver such document.

5.2 Rights Of The Auction Agent.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized hereby and upon any written instruction, notice, request, direction, consent, report, certificate, bond certificate or other instrument, paper or document reasonably believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized hereby which the Auction Agent believes in good faith to have been given by the City or by a Broker-Dealer. The Auction Agent may record telephone communications with the City or with the Broker-Dealers or both.

(b) The Auction Agent may consult with counsel of its choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent shall have no obligation or liability in respect of the registration or exemption therefrom of the Bonds under federal or state securities laws in respect of the sufficiency or the conformity of any transfer of the Bonds to the terms of the Auction Agreement, the Broker-Dealer Agreement, the Indenture or any other document contemplated thereby.

5.3 Auction Agent's Disclaimer.

The Auction Agent makes no representation as to the validity or adequacy of the Bonds, the Indenture or any offering materials used in connection with the sale of the

Bonds.

5.4 Compensation, Expenses And Indemnification Of The Auction Agent.

The City shall pay (i) the Auction Agent Acceptance Fee on the date of payment for and delivery of the Bonds, (ii) the Auction Agent Fee for the Bonds on the initial Interest Payment Date and annually thereafter, and (iii) upon request of the Auction Agent, reasonable expenses, disbursements and advances incurred or made by the Auction Agent in accordance with this Agreement and any Broker-Dealer Agreement (including the reasonable compensation, expenses and disbursements of its agents and counsel). The Auction Agent Fee represents compensation for the services of the Auction Agent in conducting Auctions for the benefit of the beneficial owners of the Bonds. The Auction Agent Fee may be adjusted from time to time with the approval of the City upon a written request of the Auction Agent delivered to the City. To the extent, if any, that a court of competent jurisdiction would enforce such agreement as not contrary to law or public policy, the City agrees that it shall indemnify the Auction Agent for, and hold it harmless against any loss, liability or expense incurred without negligence or bad faith on its part arising out of or in connection with its agency under the Auction Agreement and Broker-Dealer Agreement, including the costs and expenses of defending itself against any claim of liability in connection with its exercise or performance of any of its duties thereunder, except such as may result from its negligence or bad faith.

5.5 Compensation Of The Broker-Dealers.

(a) On the initial Interest Payment Date, the Broker-Dealers shall be entitled to receive a fee in an amount equal to the product of (i) _____ of one percent (1%) per annum times (ii) a fraction, the numerator of which is the number of days in the initial Auction Period and the denominator of which is [three hundred sixty (360)], times (iii) the aggregate principal amount of Outstanding Bonds on the Closing Date. This fee shall be payable by the City solely out of amounts received by the Auction Agent in accordance with Section 5.5(c) hereof.

(b) After the initial Interest Payment Date, on the Interest Payment Date immediately following each Auction Date with respect to the immediately preceding Auction Period, the Broker-Dealers shall be entitled to receive a fee for all services rendered by them under the Broker-Dealer Agreements with respect to the Auction held on such Auction Date in an amount equal to the product of (i) the Broker-Dealer Fee Rate times (ii) a fraction, the numerator of which is the number of days in the Auction Period immediately following such Auction Date and the denominator of which is [three hundred sixty (360)], times (iii) the aggregate principal amount of Outstanding Bonds at the close of business on the Regular Record Date immediately preceding such Auction Date (the "Broker-Dealer Fee. The Broker-Dealer Fee shall be payable by the City solely out of amounts received by the Auction Agent in accordance with Section

5.5(d) hereof. The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. If the then current Broker-Dealer Fee Rate is not, in the opinion of the Auction Agent, the prevailing rate, the City shall change the Broker-Dealer Fee Rate so that it equals such prevailing rate. The initial Broker-Dealer Fee Rate shall be _____ of one percent (1%) per annum. If the City changes the Broker-Dealer Fee Rate pursuant to the terms hereof, the City shall notify the Auction Agent thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

(c) On the initial Interest Payment Date, the City shall pay to the Auction Agent an aggregate amount equal to the amounts payable to the Broker-Dealers pursuant to Section 5.5(a) hereof. The Auction Agent shall pay to the Broker-Dealers the amount payable to each Broker-Dealer as set forth in Section 2.5(a) of any Broker-Dealer Agreement. The City agrees to take such actions as the Auction Agent may reasonably request to give effect to this Section 5.5(c).

(d) After the initial Interest Payment Date, on the Interest Payment Date immediately following each Auction Date with respect to the immediately preceding Auction Period, the City shall pay to the Auction Agent an amount equal to the Broker-Dealer Fee payable with respect to such Auction Date. The Auction Agent shall pay to the Broker-Dealers the Broker-Dealer Fee applicable to any Broker-Dealer as set forth in Section 2.5(b) of each Broker-Dealer Agreement. The City agrees to take such actions as the Auction Agent may reasonably request to give effect to this Section 5.5(d).

6.

Miscellaneous.

6.1 Term Of Agreement.

(a) This Agreement shall terminate on the earlier of (i) the date when the Bonds are no longer Outstanding and (ii) the date on which this Agreement is terminated in accordance with this Section 6.1. The City may terminate this Agreement in accordance with Section 2.03(e)(iv) of the Indenture. The Auction Agent may terminate this Agreement upon written notice to the City, the Trustee, the Remarketing Agent and the Market Agent on the date specified in such notice, which date shall be no earlier than forty-five (45) days after the date of delivery of such notice. Notwithstanding the foregoing, the provisions of Section 2 shall terminate if the certificates representing the Bonds shall no longer be held by a Securities Depository.

(b) Except as otherwise provided in this Section 6.1(b), the respective rights and duties of the City and the Auction Agent under this Agreement shall cease upon termination of this Agreement. The representations, warranties, covenants and obligations of the City to the Auction Agent under Article 4 and Section 5.4 shall survive the termination of this Agreement. Upon termination of this Agreement, the Auction Agent shall at the City's request, (i) promptly deliver to the City copies of all books and records maintained by it in connection with its duties hereunder and (ii) promptly transfer to the City or any successor auction agent any funds deposited by the City with the Auction Agent pursuant to this Agreement which have not previously been distributed by the Auction Agent in accordance with this Agreement.

6.2 Communications.

Except for (i) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party addressed to it at its address or facsimile number set forth below:

If To The City, Addressed:

City of Chicago, Illinois
33 North LaSalle Street, 6th Floor
Chicago, Illinois 60602

Attention: _____
Telephone: _____
Facsimile: _____

If To The Auction Agent, Addressed:

_____
_____
_____

Attention: _____
Telephone: _____
Facsimile: _____

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of the City by an Authorized City Representative and on behalf of the Auction Agent by an Authorized Officer.

6.3 Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred between the parties relating to the subject matter hereof.

6.4 Benefits.

Nothing herein, express or implied, shall give to any person, other than the City, the Auction Agent and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim hereunder.

6.5 Amendment; Waiver.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party hereto to exercise any right or remedy hereunder in the event of a breach hereof by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

6.6 Successor And Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of the City and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party, which consent shall not be unreasonably withheld.

6.7 Severability.

If any clause, provision or section hereof shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections

hereof.

6.8 Execution In Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

6.9 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to the conflicts of laws principles thereof.

In Witness Whereof, The parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

City of Chicago, Illinois

By: _____

Name: _____

Title: _____

[Name of Auction Agent],
Auction Agent

By: _____

Name: _____

Title: _____

(Sub)Exhibit "A" referred to in this Auction Agreement reads as follows:

(Sub)Exhibit "A".
(To Auction Agreement)

City Of Chicago, Illinois

$_____
Auction Rate Bonds,
Series ____.

Form Of Broker-Dealer Agreement.

This Broker-Dealer Agreement, dated as of _____, ____, between [Name of Auction Agent], a banking corporation organized and existing under and by virtue of the laws of the State of New York, as auction agent (the "Auction Agent") under the Auction Agreement with respect to the above-captioned bonds, dated as of _____, 2002 (the "Auction Agreement"), between the City of Chicago, Illinois (the "City"), the Auction Agent and _____ (the "BD").

Whereas, The City has issued $_____ aggregate principal amount of its Auction Rate Bonds, Series ____ (the "Bonds") pursuant to an Indenture of Trust, dated as of _____, 2002, between the City and _____ _____, as trustee (the "Indenture");

Whereas, The Indenture provides that the interest rate on the Bonds for each Auction Period after the initial Auction Period shall, except under certain conditions and subject to a maximum interest rate of [eighteen (18)] percent per annum, equal the rate per annum that the Auction Agent advises results from implementation of the Auction Procedures and pursuant to Section 2.9(a) of the Auction Agreement, the City has requested and directed the Auction Agent to execute and deliver this Broker-Dealer Agreement; and

Whereas, The Auction Procedures require the participation of one (1) or more Broker-Dealers;

Now, Therefore, In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the City, and BD agree as follows:

Section 1.

Definitions And Rules Of Construction.

1.1 Terms Defined By Reference To The Indenture.

Capitalized terms not defined herein shall have the respective meanings assigned thereto in the Indenture or the Auction Agreement (as defined below), as applicable.

1.2 Terms Defined Herein.

As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

(a) "Auction" shall have the meaning specified in Section 2.1 hereof.

(b) "Auction Agreement" shall mean the Auction Agreement dated as of _____, 2002 between the City and the Auction Agent relating to the Bonds.

(c) "Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix B to the Indenture.

(d) "Authorized Officer" shall mean each Senior Vice President, Vice President, Assistant Vice President and Assistant Treasurer of the Auction Agent assigned to its Capital Markets Fiduciary Services Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

(e) "BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

(f) "Broker-Dealer Agreement" or "Agreement" shall mean this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

(g) "Settlement Procedures" shall mean the Settlement Procedures attached hereto as (Sub)Exhibit A.

1.3 Rules Of Construction.

Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof", "herein", "hereto" and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

Section 2.

The Auction.

2.1 Purpose; Incorporation By Reference Of Auction Procedures And Settlement Procedures.

(a) On each Auction Date, the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate for the next Auction Period. Each periodic implementation of such procedures is hereinafter referred to as an "Auction".

(b) The Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were frilly set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the Auction Procedures may execute a Broker-Dealer Agreement and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the City may, by notice to BD and all other Broker-Dealers, prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. If BD is _____ BD also agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, the initial Market Agent under the Indenture.

2.2 Preparation For Each Auction.

(a) Not later than 9:30 A.M. on each Auction Date for the Bonds, the Auction Agent shall advise BD by telephone of the Minimum Auction Rate, the Maximum Auction Rate and the Commercial Paper/Treasury Rate or the Index, as the case may be, used in determining such rates.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vii) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 A.M. on the new Auction Date and 9:15 A.M. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with a list of the respective customers BD believes are Existing Holders. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the City and BD.

2.3 Auction Schedule; Method Of Submission Of Orders.

(a) The Auction Agent shall conduct Auctions for the Bonds in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the City, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the first (1st) Auction Date on which any such change shall be effective.

Time	Event
By 9:00 A.M.	Market Agent provides Auction Agent with the Index.
By 9:30 A.M.	Auction Agent advises the City and the Broker-Dealers of the Minimum Auction Rate, the Maximum Auction Rate and the Commercial Paper/Treasury Rate or Index, as the case may be, used in determining such rates as set forth in Section 2.2(a) hereof.

Time	Event
9:30 A.M. -- 1:00 P.M.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 3 of the Auction Procedures. Submission Deadline is 1:00 P.M.
Not earlier than 1:00 P.M.	Auction Agent makes determinations pursuant to Section 4(a) of the Auction Procedures.
By approximately 3:00 P.M.	Auction Agent advises the City of the results of the Auction and of the Auction Rate for the next Auction Period, as provided in Section 4(b) of the Auction Procedures. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Bonds are allocated as provided in Section 5 of the Auction Procedures. Auction Agent gives notice of Auction results as set forth in Section 2.4(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing substantially in the form attached hereto as (Sub)Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as (Sub)Exhibit C, of transfers of Bonds, made through BD by an Existing Holder to another person other than pursuant to an Auction, and (ii) a written notice, substantially in the form attached hereto as (Sub)Exhibit D, of the failure of any Bonds to be transferred to or by any person that purchased or sold Bonds through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 P.M. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

2.4 Notices.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. The Auction Agent shall as promptly as reasonably practicable thereafter notify BD in writing of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt of all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agreement at the times and in the manner set forth in the Auction Agent Agreement.

2.5 Service Charge To Be Paid To BD.

(a) On the initial Interest Payment Date, the Auction Agent shall pay to BD from monies received from the City pursuant to Section 5.5(c) of the Auction Agreement an amount equal to the product of (i) a fraction, the numerator of which is the number of days in the initial Auction Period and the denominator of which is three hundred sixty [360], times (ii) _____ of one percent (1%) per annum times (iii) the aggregate principal amount of the Bonds placed by BD on the Issue Date as set forth in the list of the initial Existing Holders delivered to the Auction Agent pursuant to Section 2.2 (a)(i) of the Auction Agreement.

(b) After the initial Interest Payment Date, on the Interest Payment Date immediately following each Auction Date with respect to the immediately preceding Auction Period, the Auction Agent shall pay to BD from monies received from the City pursuant to Section 5.5(d) of the Auction Agreement an amount equal to the product of (i) a fraction, the numerator of which is the number of days in the Auction Period next succeeding such Auction Date and the denominator of which is three hundred sixty [360] times (ii) the Broker-Dealer Fee Rate times (iii) (A) if an Auction was held on such Auction Date, the sum of (x) the aggregate principal amount of the Bonds placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (2) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission, (y) the aggregate principal amount of the Bonds subject to valid Hold Orders (determined in accordance with Section 3 of the Auction Procedures) submitted to the Auction Agent by BD and (z) the aggregate principal amount of the Bonds deemed to be subject to Hold Orders by Existing Holders pursuant to Section 3 of the Auction Procedures that were acquired by such Existing Holders through BD, or (B) if an Auction was not held on such Auction Date, the aggregate principal amount of the

Bonds that were acquired by Existing Holders through BD. For purposes of subclauses (iii)(A)(z) and (iii)(B) of the foregoing sentence, if any Existing Holder who acquired Bonds through BD transfers those Bonds to another person other than pursuant to an Auction, then the Broker-Dealer for the Bonds so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Bonds.

2.6 Settlement.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Bonds that was accepted in whole or in part fails to instruct its Agent Member to deliver the Bonds subject to such Bid or Sell Order against payment therefor, BD shall instruct such Agent Member to deliver such Bonds against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Bonds that is less than the principal amount of the Bonds specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this section, any delivery or non-delivery of Bonds which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.3(c) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.6(a).

(b) Neither the Auction Agent or the City shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or an Agent Member or any of them to deliver Bonds or to pay for Bonds sold or purchased pursuant to the Auction Procedures or otherwise.

Section 3.

The Auction Agent.

3.1 Duties And Responsibilities.

(a) The Auction Agent is acting solely as agent for the City hereunder and owes no fiduciary duties to any other Person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

3.2 Rights Of The Auction Agent.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the City or by a Broker-Dealer. The Auction Agent may record telephone communications with the Broker-Dealers and may consult with counsel of its own choice.

(b) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(c) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys.

Section 4.

Miscellaneous.

4.1 Termination.

Any party may terminate this Agreement at any time upon five (5) days prior notice to the other party; provided, however, that if BD is _____, neither BD nor the Auction Agent may terminate this Agreement without first obtaining prior written consent of the City of such termination, which consent shall not be unreasonably withheld. This Agreement shall automatically terminate upon the termination of the Auction Agreement.

4.2 Agent Member.

BD is, and shall remain for the term of this Agreement, a member of, or participant in, D.T.C. (or an affiliate of such a member or participant). BD shall promptly notify the Auction Agent and the City if BD ceases to be a member of, or participant in, D.T.C. (or an affiliate of such a member or participant).

4.3 Communications.

Except for (i) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (ii) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If To BD, Addressed:	[ ]
	Attention: [ ]
	Facsimile Number: [ ]
	Telephone Number: [ ]
If To The Auction Agent, Addressed:	_____
	_____
	_____
	Attention: _____
	Facsimile Number: _____
	Telephone Number: _____
If To The City, Addressed:	City of Chicago, Illinois
	33 North LaSalle Street, Sixth (6th) Floor
	Chicago, Illinois 60602
	Attention: _____
	Facsimile Number: _____
	Telephone Number: _____

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

4.4 Entire Agreement.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

4.5 Benefits.

Nothing in this Agreement, express or implied, shall give to any person, other than the City, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

4.6 Amendment; Waiver.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

4.7 Successors And Assigns.

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the City without the consent of BD.

4.8 Severability.

If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

4.9 Execution In Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.

Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of [New York] without regard to the conflicts of laws principles thereof.

In Witness Whereof, The parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

[Name of Auction Agent],
as Auction Agent

By: _____

[ ]

By: _____

Name: _____

Title: _____

(Sub)Exhibits "A", "B", "C" and "D" referred to in this Broker-Dealer Agreement read as follows:

(Sub)Exhibit "A".
(To Broker-Dealer Agreement)

City Of Chicago, Illinois

$_____
Auction Rate Bonds,
Series ____.

Settlement Procedures.

(a) Not later than 3:00 P.M., New York City time, on each Auction Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Auction Period or, in the case of Bonds in an Auction Period nominally of less than seven (7) days, the Auction Rate for the current Auction Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order exceeds the aggregate principal amount of Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one (1) or more Buyer's Broker-Dealers (and the name of the Agent Member, if any, of each such Buyer's Broker-Dealer) acting for one (1) or more purchasers of such excess principal amount of Bonds and the principal amount of Bonds to be purchased from one (1) or more Existing Holders on whose behalf such Broker-Dealer acted by one (1) or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the principal amount of Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one (1) or more Seller's Broker-Dealers (and the name of the Agent Member, if any, of each such Seller's Broker-Dealer) acting for one (1) or more sellers of such excess principal amount of Bonds and the principal amount of Bonds to be sold to one (1) or more Potential Holders on whose behalf such Broker-Dealer acted by one (1) or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of Bonds to be purchased pursuant to such Bid (including, with respect to Bonds in an Auction Period nominally of less than seven (7) days, accrued interest if the purchase date is not an Interest Payment Date) against receipt of such Bonds;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was rejected, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Bonds to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Auction Period or, in the case of Bonds in an Auction Period nominally of less than seven (7) days, the Auction Rate for the current Auction Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to paragraph (b)(ii) above, and any Bonds received by it in connection with such Auction pursuant to paragraph (b)(iii) above among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealer identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Agent Member as provided in paragraph (b)(ii) or (iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not an Agent Member of D.T.C. shall instruct its Agent Member to (A) pay through D.T.C. to the Agent Member of the Existing Holder delivering Bonds to such Broker-Dealer following such Auction pursuant to paragraph (b)(iii) above the amount necessary to purchase such Bonds against receipt of such Bonds, and (B) deliver such Bonds through D.T.C. to a Buyer's Broker-Dealer (or its Agent Member) identified to such Seller's Broker-Dealer pursuant to paragraph (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Agent Member of D.T.C. shall instruct its Agent Member to (A) pay through D.T.C. to a Seller's Broker-Dealer (or its Agent Member) identified following such Auction pursuant to paragraph (a)(vi) above the amount necessary to purchase the Bonds to be purchased pursuant to paragraph (b)(ii) above against receipt of such Bonds, and (B) deliver such Bonds through D.T.C. to the Agent Member of the purchaser thereof against payment therefor.

(e) On the Business Day following each Auction Date:

(i) each Agent Member for a Bidder in the Auction on such Auction Date referred to in paragraph (d)(i) above shall instruct D.T.C. to execute the transactions described under paragraph (b)(ii) or (iii) above for such Auction, and D.T.C. shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Agent Member shall instruct D.T.C. to execute the transactions described in paragraph (d)(ii) above for such Auction, and D.T.C. shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Agent Member shall instruct D.T.C. to execute the transactions described in paragraph (d)(iii) above for such Auction, and D.T.C. shall execute such transactions.

(f) If an Existing Holder selling Bonds in an Auction fails to deliver such Bonds (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Bonds that is less than the principal amount of Bonds that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Bonds to be delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Bonds shall constitute good delivery.

Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of Bonds which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agreement and the Broker-Dealer Agreements.

(Sub)Exhibit "B".
(To Broker-Dealer Agreement)

City Of Chicago, Illinois

$_____
Auction Rate Bonds,
Series ____.

Order Form.

(Submit Only One Order On This Order Form)

To:

Date of Auction: _____

The undersigned Broker-Dealer submits the following Order on behalf of the Bidder listed below:

Name of Bidder: _____

Bidder placed the Order listed below covering the principal amount indicated (complete only one blank):

$_____ principal amount now held by Bidder (an Existing Holder) and the Order is a (check one):

☐ Hold Order; or

☐ Bid at a rate of ____ %; or

☐ Sell Order;

-- or --

$_____ principal amount not now held by Bidder (a Potential Holder), and the Order is a Bid at a rate of _____%

Name of Broker-Dealer:

_____

By: _____

Notes:

(1) If submitting more than one (1) Order for one (1) Bidder, use additional Order Forms.

(2) If one (1) or more orders covering in the aggregate more than the outstanding principal amount of the Bonds held by any Existing Holder are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.

(3) A Hold Order may be placed only by an Existing Holder covering a principal amount of the Bonds not greater than the principal amount currently held by such Existing Holder.

(4) Potential Holders may make Bids only, each of which must specify a rate. If more than one (1) Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified.

(5) Bids may contain no more than three (3) figures to the right of the decimal point (.001 of 1%).

(6) An Order must be submitted in whole units of Twenty-five Thousand Dollars ($25,000).

(Sub)Exhibit "C".
(To Broker-Dealer Agreement)

City Of Chicago, Illinois

$_____
Auction Rate Bonds,
Series ____.

Transfer Form.

(To Be Used Only for Transfers Made Other Than Pursuant To An Auction)

We are (check one):

☐ the Existing Holder named below; or

☐ the Broker-Dealer for such Existing Holder; or

☐ the Agent Member for such Existing Holder.

We hereby notify you that such Existing Holder has transferred

$_____* of Bonds to _____.

_____
(Name of Existing Holder)

_____
(Name of Broker-Dealer)

_____
(Name of Agent Member)

By: _____

Name:

Title:

* Bonds may only be transferred in units of Twenty-five Thousand Dollars ($25,000).

(Sub)Exhibit "D".
(To Broker-Dealer Agreement)

City Of Chicago, Illinois

$_____
Auction Rate Bonds,
Series ____.

Notice Of A Failure To Deliver.

(To Be Used Only For Failures To Deliver
Bonds Sold Pursuant To An Auction)

We hereby notify you that (check one):

Complete either I or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased $ _____ of the Bonds** in the Auction held on _____ from the seller of such Bonds, who failed to deliver such Bonds to the Purchaser.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold $ _____ to the purchaser of such Bonds, who failed to make payment to the Seller upon delivery of such Bonds.

[ ]

By: _____

Name:

Title:

** Bonds may only be transferred in units of Twenty-five Thousand Dollars ($25,000).

Exhibit "F".
(To Ordinance)

City Of Chicago

To

[Name Of Trustee],
As Trustee

Trust Indenture

Securing

City of Chicago Variable Rate Bonds,
Series _____.

Dated As Of _____, 2002.

THIS TRUST INDENTURE, made and entered into as of _____, 2002 (this "Indenture"), from the CITY OF CHICAGO (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, to [NAME OF TRUSTEE] (the "Trustee"), a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its principal corporate trust office located at _____, _____, _____, as Trustee,

WITNESSETH:

WHEREAS, by virtue of Article VII of the Illinois Constitution of 1970 and pursuant to an ordinance duly adopted by the City Council of the City on _____, 2002, the City is authorized to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done; and

WHEREAS, the execution and delivery of this Indenture have been in all respects duly and validly authorized by the City Council; and

WHEREAS, in order to provide the funds for the purpose of (i) paying the costs of certain capital projects of the City, and (ii) paying the expenses of issuance of the Bonds, the City has duly authorized the issuance and sale of its Variable Rate Bonds, Series ____ (the "Bonds"); and

WHEREAS, the execution and delivery of the Bonds and of this Indenture have in all respects been duly authorized and all things necessary to make such Bonds, when executed by the City and authenticated by the Trustee, the valid and binding legal obligations of the City and to make this Indenture a valid and binding agreement, have been done; and

WHEREAS, the Bonds, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, shall be substantially in the form attached hereto as Exhibit A, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the registered owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, to secure the rights of the Bank (as hereinafter defined) to the satisfaction of the Bank Obligations (as hereinafter defined), and for payment of the purchase price of Bonds as provided herein, and to secure the performance and observance by the City of all the covenants expressed or implied herein, in the Bonds, in the Credit Agreement (as hereinafter defined), does hereby assign and grant a security interest in and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City hereinafter set forth (the "Trust Estate"):

GRANTING CLAUSE FIRST

All moneys and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee and held in trust hereunder for the redemption of Bonds, notice of the redemption of which has been duly given; and

GRANTING CLAUSE SECOND

Any and all other property, rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security hereunder by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future registered owners of the Bonds and the Bank (to the extent of unsatisfied Bank Obligations), without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing, except to the extent herein or in the Indenture otherwise specifically provided;

PROVIDED, HOWEVER, that if the City, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds, and shall well and truly satisfy, or cause to be satisfied, the Bank Obligations, at the times and in the manner set forth therein according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds, the Bank Obligations as required herein, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture and the Credit Agreement and shall pay or cause to be paid to the Trustee and the Bank all sums of money

due or to become due to them in accordance with the terms and provisions hereof and of the Credit Agreement, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests and any other amounts hereby assigned and pledged are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee, the respective owners of the Bonds and the Bank as follows:

ARTICLE I

Definitions

Section 1.01. Definitions. All capitalized terms used herein unless otherwise defined shall have the same meaning as used in Article I of the Indenture. In addition, the following words and phrases shall have the following meanings for purposes of this Indenture:

"Adjustable Long Mode" means any Adjustment Period during which the Rate Determination Date and Rate Change Date for each Rate Period therein (which shall have a duration of 367 days or more and less than or equal to the remaining term of the Bonds) shall be designated by the Remarketing Agent upon the request of the City pursuant to Section 4.01 hereof, and during which the Bonds which bear interest during such Adjustment Period bear interest at the Adjustable Long Rate.

"Adjustable Long Rate" means, for each Rate Period within an Adjustable Long Mode applicable to a Bond, a fixed per annum interest rate borne by such Bond established pursuant to Section 2.02(e), 4.01(c) or 4.02(b) hereof equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bond to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Rate Change Date for such Rate Period.

"Adjustment Date" means (a) the Date of Issuance, (b) any date which is the first day of an Adjustment Period designated in the manner set forth in Section 4.01 hereof, (c) any Substitute Adjustment Date designated in the manner set forth in Section 4.02 hereof, and (d) any proposed Fixed Rate Conversion Date designated in the manner set forth in Section 4.03 hereof.

"Adjustment Period" means, with respect to each Bond, each period commencing on an Adjustment Date for such Bond to and including the day immediately preceding the immediately succeeding Adjustment Date for such Bond (or the Maturity Date thereof), during which period such Bond shall operate in one type of Interest Mode.

"Alternate Bank Rate" means, with respect to any Bank Bond, such interest rate or sequence of rates (which may be stated as a formula and may be determined by reference to a specified index or indices) as is specified in the Substitute Credit Agreement or Substitute Letter of Credit then in effect pursuant to which such Bank Bond was purchased, and which has been approved in writing by the City in accordance with the Indenture.

"Authorized Denomination" means, prior to the Fixed Rate Conversion Date with respect to a particular Bond, $100,000 and any multiple of $5,000 in excess thereof, and, after the Fixed Rate Conversion Date with respect to a particular Bond, $5,000 and any integral multiple thereof.

"Bank" means the Initial Bank for the period during which the initial Letter of Credit and Initial Credit Agreement are in effect or any Bank Bonds are outstanding, and thereafter shall mean the Substitute Bank then obligated under the Substitute Letter of Credit at the time in effect.

"Bank Approval" means the written approval of the Bank, which approval will not be unreasonably withheld.

"Bank Bonds" means Tendered Bonds purchased with moneys drawn under the Letter of Credit pursuant to Section 3.09(c) hereof, which are owned by the Bank or its permitted assigns in accordance with the Credit Agreement or the Custody Agreement, if any, until such Bonds are remarketed by the Remarketing Agent pursuant to the Remarketing Agreement or such Bonds lose their characterization as Bank Bonds pursuant to the Credit Agreement.

"Bank Obligations" means the City's obligations under the Credit Agreement.

"Bank Rate" means (a) when the Initial Letter of Credit is in effect under the Initial Credit Agreement, the Bank Rate as defined in the Initial Credit Agreement, and (b) when any Substitute Letter of Credit is in effect, the then current Alternate Bank Rate. The foregoing notwithstanding, at no time shall the Bank Rate be higher than the Maximum Interest Rate.

"Bank Variable Rate" means such portion of the then applicable Bank Rate as is determined by the Remarketing Agent to equal the rate of interest Bank Bonds bearing such Bank Rate would have borne had they not been tendered and purchased by the Bank under the Credit Agreement.

"BMA Municipal Index" means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc. or its successor, or as otherwise designated by The Bond Market Association; provided, however, that if such index is no longer produced by Municipal Market Data, Inc. or its successor, then "BMA Municipal Index" means such other reasonably comparable index selected by the City.

"Bondholder," "holder," "owner of the Bonds" or "registered owner" means the Registered Owner of any Bond.

"Bond Purchase Date" has the meaning assigned to such term in the Credit Agreement.

"Bond Purchase Fund" means the trust fund so designated which is created and established pursuant to Section 5.02 hereof.

"Bond Register" means the registration books of the City kept by the Trustee (in its capacity as Bond Registrar) to evidence the registration and transfer of Bonds.

"Bond Registrar" means the Trustee.

"Bonds" means the City of Chicago Variable Rate Bonds, Series ____ authorized to be issued pursuant to Section 2.01 hereof.

"Bond Sale Date" has the meaning assigned to such term in the Credit Agreement.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois, the State of New York or the state in which the office of the Bank is located are authorized by law to close, or (b) a day on which the New York Stock Exchange is closed.

"Capitalized Interest Account" means the account of that name established in the Proceeds Fund as described in Section 5.02 hereof.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government, organized and existing under the Constitution and laws of the State.

"Code" means the United States Internal Revenue Code of 1986, as amended. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

"Costs of Issuance Account" means the account of that name established in the Proceeds Fund as described in Section 5.02 hereof.

"Credit Agreement" means the Initial Credit Agreement and any Substitute Credit Agreement.

"Custody Agreement" means a custody agreement or a pledge and security agreement (which may also be the Credit Agreement), if any, entered into by the Trustee, as custodian, and the Bank, and any and all amendments and supplements thereto, relating to Bank Bonds.

"DTC" means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository performing similar functions.

"Daily Mode" means any Adjustment Period during which Rate Determination Dates and Rate Change Dates occur on each Business Day in the manner set forth in Section 2.02(b) hereof, and during which the Bonds which bear interest during such Adjustment Period bear interest at the Daily Rate.

"Daily Rate" means, for each Rate Period within a Daily Mode applicable to a Bond, a fixed per annum interest rate borne by such Bond established pursuant to Section 2.02(a), 2.02(b), 4.01(c) or 4.02(b) hereof equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bond to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Rate Change Date for such Rate Period.

"Date of Issuance" means the date of original issuance and delivery of the Bonds hereunder.

"Debt Service Fund" means the fund of that name established and described in Section 5.02 hereof.

"Defaulted Interest" means interest on any Bond which is payable but not duly paid on the date due.

"Delivery Office" shall mean the following offices of the Remarketing Agent and the Trustee, respectively:

Remarketing Agent: _____
_____
_____, _____
Attention: _____

Trustee: _____
_____
_____, _____

"Demand Date" means (i) with respect to any Bond during a Daily Mode, the Business Day on which the Trustee's Agent and the Remarketing Agent receive notice prior to 10:00 a.m., Chicago time, from the Registered Owner thereof demanding to have such Bond (or any portion thereof in an Authorized Denomination) purchased (or the succeeding Business Day if such notice is received after 10:00 a.m., Chicago time), all as provided in Section 3.01 hereof, and (ii) with respect to any Bond during a Weekly Mode, the Business Day specified in the notice received by the Trustee's Agent upon which the Registered Owner of such Bond intends to tender such Bond (or any portion thereof in an Authorized Denomination) for purchase as provided in Section 3.01 hereof, which Business Day shall be not less than seven calendar days after the date such notice is received.

"Differential Interest Amount" means an amount equal to the excess of (a) interest which has accrued and could actually be paid on Bank Bonds at the Bank Rate up to but excluding the Bond Sale Date, less (b) the interest accrued on such Bank Bonds at the Bank Variable Rate received by the Bank from the purchaser or purchasers of such Bank Bonds on the Bond Sale Date as part of the purchase price thereof.

"Eligible Moneys" means (a) moneys (i) paid or deposited by the City to or with the Trustee, (ii) continuously held in any fund, account or subaccount established hereunder which is subject to the lien of the Indenture and in which no other moneys which are not Eligible Moneys are held, and (iii) which have so been on deposit with the Trustee for at least 91 days from their receipt by the Trustee, during and prior to which period no Event of Bankruptcy shall have occurred, together with investment earnings on such moneys; (b) moneys received by the Trustee pursuant to the Letter of Credit which are held in any fund, account or subaccount established hereunder in which no other moneys which are not Eligible Moneys are held, together with investment earnings on such moneys; (c) proceeds from the remarketing of any Bonds pursuant to the provisions of the Indenture to any person other than the City; (d) proceeds from the issuance and sale of refunding bonds, together with the investment earnings on such proceeds, if there is delivered to the Trustee at the time of issuance and sale of such refunding bonds an opinion of bankruptcy counsel acceptable to the Trustee and to each rating agency then maintaining a rating on the Bonds bearing interest at a Short Rate or an Adjustable Long Rate to the effect that the use of such proceeds and investment earnings to pay the principal of, premium, if any, or interest on the Bonds would not be avoidable as preferential payments under Section 547 (as incorporated into Chapter 9) of the United States Bankruptcy Code should an Event of Bankruptcy occur; and (e) moneys which are derived from any other source, together with the investment earnings on such moneys, if the Trustee has received an opinion of bankruptcy counsel acceptable to the Trustee and to each rating agency then maintaining a rating on the Bonds bearing interest at a Short Rate or an Adjustable Long Rate to the effect that payment of such amounts to Bondholders would not be avoidable as preferential payments under Section 547 (as incorporated into Chapter 9) of the United States Bankruptcy Code should an Event of Bankruptcy occur; provided, however, that (a) through (e) notwithstanding, such proceeds, moneys or income shall not be deemed to be Eligible Moneys or available for payment of the Bonds if, among other things, an injunction, restraining order or stay is in effect preventing such proceeds, moneys or income from being applied to make such payment. For the purposes of this definition, the term "moneys" shall include cash and any investment securities, including, without limitation, Federal Obligations.

"Event of Bankruptcy" means the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the City as debtor, other than any involuntary proceeding that has been finally dismissed without entry of an order for relief or similar order and as to which all appeal periods have expired.

"Fixed Mode" means the Adjustment Period commencing on the Fixed Rate Conversion Date for a Bond and ending on the Maturity Date thereof, as established pursuant to

Section 4.03 hereof, during which the Bonds which bear interest during such Adjustment Period bear interest at the Fixed Rate.

"Fixed Rate" means, for the Fixed Mode applicable to a Bond, a fixed per annum interest rate borne by such Bond established pursuant to Section 2.02(f) hereof equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bond to be remarketed at the principal amount thereof on the Fixed Rate Conversion Date for such Fixed Mode.

"Fixed Rate Conversion" means the conversion of the interest rate to be borne by all or any portion of the Bonds to a Fixed Rate pursuant to Sections 2.02 and 4.03 hereof.

"Fixed Rate Conversion Date" means an Adjustment Date for any Bond on which it begins to bear interest at a Fixed Rate.

"Flexible Mode" means any Adjustment Period during which the Rate Determination Date and the Rate Change Date for each Rate Period therein (which shall have a duration which is not less than seven days nor more than 270 days) shall occur on the first day of such Rate Period which shall be designated by the Remarketing Agent pursuant to Section 2.02(d), 4.01(c) or 4.02(b) hereof, and during which the Bonds which bear interest during such Adjustment Period bear interest at the Flexible Rate.

"Flexible Rate" means, for each Rate Period within a Flexible Mode applicable to a Bond, a fixed per annum interest rate borne by such Bond established pursuant to Section 2.02(d), 4.01(c) or 4.02(b) hereof equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bond to be remarketed at the principal amount thereof on the Rate Change Date for such Rate Period.

"Indenture" means this Trust Indenture, dated as of _____, ____, from the City to the Trustee, pursuant to which Bonds are authorized to be issued, and any amendments and supplements thereto. References to Articles and Sections of the Indenture shall be deemed to refer to Articles and Sections of the Indenture as amended.

"Immediate Notice" means notice by telephone, telex or telecopier to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any person required to give an Immediate Notice shall not have been provided with the necessary information as to the telephone, telex or telecopier number of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

"Initial Bank" means _____, its successors and assigns, as provider of the initial Letter of Credit.

"Initial Credit Agreement" means the Reimbursement Agreement, dated as of _____, 2002, among the City and the Initial Bank, as it may be supplemented and amended from time to time.

"Interest Coverage Rate" means the rate used in the Letter of Credit to calculate the maximum amount (as reduced and restated from time to time in accordance with the terms thereof) which is available for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds, initially __ percent per annum for Bonds in the Daily Mode and the Weekly Mode entitled to the benefit of the initial Letter of Credit.

"Interest Mode" means a period of time relating to the frequency with which the interest rate on the Bonds is determined pursuant to Sections 2.01 and 2.02 hereof. An Interest Mode may be a Daily Mode, a Weekly Mode, a Flexible Mode, an Adjustable Long Mode or a Fixed Mode.

"Interest Payment Date" means (a) for each Bond, each Adjustment Date (including, without limitation, a proposed Fixed Rate Conversion Date) therefor, (b) for any Bond in a Daily Mode, the first Business Day of each calendar month, (c) for any Bond in the Weekly Mode, the first Business Day of each calendar month, (d) for any Bond in an Adjustable Long Mode, the first day of the sixth calendar month following the month in which the applicable Rate Period commences, the first day of each sixth month thereafter and each Rate Change Date therefor, (e) for any Bond in a Flexible Mode, each Rate Change Date therefor, (f) for any Bond in a Fixed Mode, each January 1 and July 1, commencing as provided in Section 4.03 hereof, (g) for any Bank Bond, such dates as are specified in the Credit Agreement, and (h) for each Bond, the Maturity Date thereof; provided that, except with respect to Interest Payment Dates with respect to remarketed Bank Bonds under (g), in no event shall more than one Interest Payment Date for the Bonds occur in any one calendar month (and the City shall not undertake any modification of any Interest Mode applicable to the Bonds which might cause such to result).

"Letter of Credit" means the obligation of the Bank to provide funds for the purpose of purchasing Tendered Bonds, which Letter of Credit may be in the form of a line of credit, bond purchase agreement or letter of credit.

"Letter of Credit Account" means the account of that name established in the Debt Service Fund as described in Section 5.02 hereof.

"Letter of Credit Cancellation Date" has the meaning attributed to it in Section 6.02(b) hereof.

"Maturity Date" means January 1, 2017.

"Maximum Interest Rate" means [18] percent per annum.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the City, the Bank and the Trustee, which opinion may be based on a ruling or rulings of the Internal Revenue Service.

"Ordinance" means the ordinance duly adopted and approved by the City Council of the City on _____, 2002 which authorizes the issuance and sale of the Bonds and the execution and delivery of this Indenture.

"Participant," when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Paying Agent" means any Paying Agent designated by the Trustee pursuant to Section 10.06 hereof, and any successor thereto.

"Principal and Interest Account" means the account of that name established in the Debt Service Fund as described in Section 5.02 hereof.

"Principal and Interest Account Requirement" means (a) on the third Business Day immediately preceding each Interest Payment Date for as long as any Bonds bear interest at a Short Rate, an amount equal to (i) the interest coming due on such Bonds on such Interest Payment Date, and to the extent there is a Rate Change Date between such third Business Day and such Interest Payment Date, such interest amount shall include interest on the Outstanding principal amount of Bonds at the Interest Coverage Rate (if a Letter of Credit is in effect) or the Maximum Interest Rate (if there is no Letter of Credit in effect) for the number of days from such Rate Change Date to the Interest Payment Date, plus (ii) on the third Business Day prior to each January 1, commencing January 1, ____, the principal installment coming due on such Bonds on each such January 1 (including any mandatory redemption of the Bonds as required by Section 3.11 hereof), and (b) during such time as any Bonds bear interest at a Fixed Rate or Adjustable Long Rate, an amount, equal to the total principal installment and interest due on such Bonds as of each January 1 and July 1, which amount shall be deposited in the Principal and Interest Account three Business Days prior to such January 1 and July 1.

"Proceeds Fund" means the fund of that name established and described in Section 5.02 hereof.

"Project Account" means the account of that name established in the Proceeds Fund as described in Section 5.02 hereof.

"Program Fee Account" means the account of that name established in the Proceeds Fund as described in Section 5.02 hereof.

"Program Fees" means:

(a) the fees, expenses and other charges payable to each fiduciary, including the Trustee, the Trustee's Agent and any Paying Agent, pursuant to the provisions of this Indenture;

(b) the fees, expenses and other charges payable hereunder or under the Remarketing Agreement to the Remarketing Agent;

(c) the fees, expenses and other charges (constituting Bank Obligations) payable hereunder or under the Credit Agreement to the Bank; and

(D) any other fees, expenses and other charges of a similar nature payable by the City to any person hereunder or otherwise with respect to the Bonds.

"Rate Change Date" means for each Rate Period (a) during any Daily Mode, each Business Day, (b) during any Weekly Mode, Wednesday or such other day of the week designated as such by the Remarketing Agent from time to time, in accordance with the provisions of Section 2.02(c)(ii) hereof, (c) during any Adjustable Long Mode, the Business Day(s) specified in the notice delivered to the Trustee in accordance with Section 4.01(b) or 4.02(b) hereof, (d) during any Flexible Mode, the Business Day(s) specified in the notice delivered to the Trustee in accordance with Section 2.02(d), 4.01(c) or 4.02(b) hereof, and (e) each Adjustment Date.

"Rate Determination Date" means for (a) each Rate Period during any Daily Mode, the Rate Change Date for such Rate Period, (b) each Rate Period during any Weekly Mode, Tuesday or such other day of the week designated as such by the Remarketing Agent from time to time, in accordance with the provisions of Section 2.02(c)(ii) hereof, next preceding the Rate Change Date for such Rate Period (unless such day is not a Business Day, in which case the Rate Determination Date shall be the immediately preceding Business Day), (c) each Rate Period during any Adjustable Long Mode, the Business Day(s) specified in the notice delivered to the Trustee in accordance with Section 4.01(b) or Section 4.02(b) hereof, which Business Day(s) shall not be less than one calendar day or more than 30 calendar days prior to the first day of such Rate Period, (d) each Rate Period during any Flexible Mode, the Rate Change Date for such Rate Period specified in the notice delivered to the Trustee in accordance with Section 2.02(d), 4.01(c) or 4.02(b) hereof, (e) the Rate Period during a Fixed Mode, the date of the firm underwriting or purchase contract referred to in Section 4.03 hereof, (f) the Rate Period following a proposed Fixed Rate Conversion Date in the event of a failed conversion, such proposed Fixed Rate Conversion Date, and (g) the Rate Period following a failed Interest Mode conversion pursuant to Section 4.01(e), the proposed Adjustment Date.

"Rate Period" means, with respect to each Bond, each period commencing on a Rate Change Date for such Bond to and including the day immediately preceding the immediately

succeeding Rate Change Date for such Bond (or the Maturity Date or date of redemption thereof), during which period such Bond shall bear interest at one specific interest rate.

"Record Date" means (a) with respect to any Bond during a Daily Mode, the Business Day immediately preceding each Interest Payment Date for such Bond, (b) with respect to any Bond during a Flexible Mode or Weekly Mode, the Business Day immediately preceding each Interest Payment Date for such Bond, (c) with respect to any Bond during an Adjustable Long Mode, the fifteenth calendar day immediately preceding each Interest Payment Date (whether or not a Business Day) for such Bond, and (d) with respect to any Bond during a Fixed Mode, December 15 and June 15 (whether or not a Business Day); provided, however, that if the Fixed Rate Conversion Date shall occur on or after December 15 but prior to January 1, or on or after June 15 but prior to July 1, the Record Date shall be the Fixed Rate Conversion Date.

"Registered Owner" or "Owner" means the person or persons in whose name or names a Bond shall be registered in the Bond Register.

"Remarketing Agent" means the placement or remarketing agent at the time serving as such under the Remarketing Agreement and designated by the City as the Remarketing Agent for purposes of the Indenture. The initial Remarketing Agent is _____, _____, _____, and its successors and assigns in such capacity.

"Remarketing Agreement" means the Remarketing Agreement dated as of _____, 2002 between the City and the Remarketing Agent, as the same may be amended, supplemented or assigned from time to time, or any similar agreement as may be substituted therefor.

"Securities Depository" means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds.

"Short Mode" means a Flexible Mode, a Daily Mode or a Weekly Mode.

"Short Rate" means a Flexible Rate, a Daily Rate or a Weekly Rate.

"Special Record Date" means the date fixed by the Trustee pursuant to Section 2.02(g) hereof for the payment of Defaulted Interest.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc., its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"State" means the State of Illinois.

"Stated Termination Date" means the stated date upon which the Letter of Credit by its term expires, as the same may be extended from time to time and, with respect to the Initial Letter of Credit means the Expiration Date as defined therein.

"Substitute Adjustment Date" means (i) any Business Day during any Adjustment Period for Bank Bonds, and (ii) any Business Day for any Bonds in an Adjustable Long Mode on which such Bonds can be optionally redeemed at a price of par plus accrued interest as set forth in Section 3.11(a)(ii) hereof, in each case designated by the City in accordance with Section 4.02 hereof as the first day of a new Adjustment Period.

"Substitute Bank" means one or more commercial banks, trust companies or financial institutions selected by the City that are obligated under any Substitute Letter of Credit.

"Substitute Credit Agreement" means any agreement (other than the Initial Credit Agreement) between the City and any Substitute Bank as it may from time to time be amended or supplemented, pursuant to which a Substitute Letter of Credit shall be in effect.

"Substitute Letter of Credit" means a Letter of Credit provided by a Substitute Bank other than the Bank providing the Letter of Credit on or prior to the Substitution Date; provided, however, that none of the following shall be deemed a Substitute Letter of Credit: a change in the Credit Agreement pursuant to which the Letter of Credit is issued; a change in the number of days of interest or interest rate covered by the Letter of Credit; and a renewal of the term of the existing Letter of Credit.

"Substitution Date" means the day on which a Substitute Letter of Credit becomes effective.

"Tendered Bonds" means Bonds tendered or deemed tendered for purchase pursuant to Section 3.01, 3.02, 3.03, 3.04, 3.05 or 3.06 hereof.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

"Trustee" means [Name of Trustee], a national banking association organized and existing under the laws of the United States of America, and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor Trustee at the time serving as successor trustee hereunder.

"Trustee's Agent" means any agent designated as Trustee's Agent by the Trustee and at the time serving in that capacity. Any agent so designated by the Trustee shall execute a written agreement with the Trustee assuming all obligations of the Trustee hereunder with respect to those duties of the Trustee such agent agrees to perform on behalf of the Trustee.

"Weekly Mode" means an Interest Mode during which the rate of interest borne by the Bonds is determined on a weekly basis as set forth in Section 2.02(c) hereof.

"Weekly Rate" means, for each Rate Period during any Weekly Mode, the rate of interest established pursuant to Section 2.02(c) hereof equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bond to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Rate Change Date for such Rate Period.

ARTICLE II

The Bonds

Section 2.01. Authority for and Issuance of Bonds. (a) No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The Bonds are being issued to provide funds to provide interim financing for capital projects of the City, for the short term financing of the working capital needs of the City, and to pay Costs of Issuance of the Bonds. Except as provided in Section 2.07 hereof, the total principal amount of Bonds that may be issued and be outstanding hereunder is expressly limited to $200,000,000 less the principal amount of other Authorized Debt (as defined in the Ordinance) then issued and outstanding under the Ordinance.

(b) The Bonds shall be designated "City of Chicago Variable Rate Bonds, Series ____." The Bonds shall be issuable as fully registered bonds, without coupons, in Authorized Denomination, substantially in the form attached as Exhibit A hereto. Unless the City shall otherwise direct, the Bonds shall be lettered and numbered from R-1 and upwards. The Bonds, as initially issued, shall be dated the Date of Issuance and shall mature, subject to prior redemption as provided in Article III hereof and further subject to the designation of additional maturity dates in connection with a Fixed Rate Conversion Date, on the Maturity Date.

(c) Each Bond authenticated prior to the first Interest Payment Date thereon shall bear interest from the Date of Issuance and thereafter interest shall accrue as set forth in the next paragraph except that if, as shown by the records of the Trustee, interest on such Bond shall be in default, any Bond issued in exchange for or upon the registration of transfer of such Bond shall bear interest from the date to which interest has been paid in full on such Bond or, if no interest has been paid on such Bond, the Date of Issuance. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by such Bond on the date on which such principal, premium or interest came due and payable.

(d) Interest on Bonds in a Daily Mode or Weekly Mode shall be payable on each Interest Payment Date for the period from the later of (i) the first Business Day of each calendar month, or (ii) the Adjustment Date for such Daily Mode or Weekly Mode to, but not including, the earlier of (a) the first Business Day of the next calendar month, or (b) the Adjustment Date for the Interest Mode which succeeds such Daily Mode or Weekly Mode, as the case may be. Interest on Bonds in a Flexible Mode shall be payable on each Interest Payment Date for the period from the Rate Change Date for such Bonds to, but not including, the next

succeeding Rate Change Date. Interest on Bonds in an Adjustable Long Mode shall be payable on each Interest Payment Date for the period to, but not including, such Interest Payment Date from the later of (i) the Rate Change Date for such Bonds, or (ii) the preceding Interest Payment Date occurring during the Rate Period to which interest has been paid. Interest on Bonds which are Bank Bonds shall be payable on each Interest Payment Date for the period to, but not including, such Interest Payment Date from the preceding Interest Payment Date to which interest has been paid. Interest on Bonds in a Fixed Mode shall be payable on each Interest Payment Date for the period from the Fixed Rate Conversion Date to, but not including, the next succeeding January 1 or July 1, and from each succeeding January 1 or July 1, as the case may be, to, but not including, the next succeeding January 1 or July 1. The foregoing notwithstanding, no interest shall accrue on any Bonds prior to the Date of Issuance or after the Maturity Date thereof, after the redemption or mandatory or optional purchase date for such Bond (provided the redemption or purchase price is paid or provided for in accordance with the provisions of the Indenture), or after the date to which such Bond is accelerated and paid.

(e) The principal and purchase price of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

(f) The principal of and premium, if any, on Bonds bearing interest at a Bank Rate, a Short Rate or an Adjustable Long Rate shall be payable at the principal corporate trust office of the Trustee, upon presentation and surrender of such Bonds. The principal of and premium, if any, on Bonds bearing interest at a Fixed Rate shall be payable at the principal corporate trust office of the Trustee or, at the option of the Registered Owners, at the principal corporate trust office of any Paying Agent named in such Bonds, upon presentation and surrender of such Bonds. Any payment of the purchase price of a Tendered Bond shall be payable at the principal corporate trust office of the Trustee's Agent (or at such other office as may be designated by the Trustee), upon presentation and surrender of such Tendered Bond, as provided in Section 3.07 hereof.

(g) Payment of interest on Bonds bearing interest at a Daily Rate, a Weekly Rate, an Adjustable Long Rate or a Fixed Rate shall be paid by check mailed on the Interest Payment Date to the person appearing on the Bond Register as the Registered Owners thereof as of the close of business of the Trustee on the Record Date at the addresses of such Registered Owners as they appear on the Bond Register, or at such other addresses as are furnished to the Trustee in writing by the Registered Owners not later than the Record Date. Payment of interest on Bonds bearing interest at a Flexible Rate shall be made to the person appearing on the Bond Register as the Registered Owner thereof as of the close of business of the Trustee on the Record Date, upon presentation and surrender of such Bond at the principal corporate trust office of the Trustee on the applicable Interest Payment Date. Payment of interest on any Bond shall be made to the Registered Owner of $1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to such Registered Owner on such Interest Payment Date upon written notice from such Registered Owner containing the wire transfer address within the United States to which such Registered Owner wishes to have such wire directed, which written notice is received not later

than the Business Day next preceding the Record Date; provided that such wire transfer shall only be made for Bonds bearing interest at a Flexible Rate upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee on the applicable Interest Payment Date. Payment of interest on Bank Bonds shall be made to the Bank by wire transfer on each Interest Payment Date at the wire transfer address specified in the Credit Agreement (or such other wire transfer address as is specified by the Bank in writing from time to time).

Section 2.02. Interest on Bonds. (a) General. The Bonds shall bear interest from and including the Date of Issuance until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at the Maturity Date, upon redemption or acceleration, or otherwise. Interest accrued on the Bonds during each Rate Period shall be paid in arrears on each Interest Payment Date. Interest on the Bonds shall be computed (i) during any Short Mode upon the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed, (ii) during any Adjustable Long Mode or during a Fixed Mode, upon the basis of a 360-day year consisting of twelve 30-day months, and (iii) with respect to Bank Bonds, upon the basis of a 360-day year and the actual number of days elapsed. Notwithstanding anything to the contrary herein, the Bonds shall initially bear interest for the period from the Closing Date to the next Business Day at the interest rate per annum of four percent (the "Initial Rate"). The Bonds shall continue to bear interest at a Daily Rate until and unless any portion thereof is converted to a different Interest Mode as provided in Section 4.01, 4.02 or 4.03 hereof. Each Bank Bond shall bear interest at the Bank Rate. At no time shall the Bonds (including Bank Bonds) bear interest at a rate higher than the Maximum Interest Rate and at no time shall Bonds entitled to the benefit of the Letter of Credit bear interest at a rate higher than the Interest Coverage Rate. No Rate Period shall be established during an Adjustable Long Mode or a Flexible Mode which extends beyond the Business Day preceding the Stated Termination Date.

(b) Daily Mode. For each Rate Period during any Daily Mode, Bonds in such Interest Mode shall bear interest beginning on the Rate Change Date at the Daily Rate determined on the Rate Determination Date in the following manner for each such Rate Period. No later than 8:30 a.m., Chicago time, on the Rate Determination Date for each such Rate Period, the Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, the Daily Rate. Except on an Adjustment Date, in the event that the Daily Rate is not determined by the Remarketing Agent, the rate of interest borne by the Bonds bearing interest at a Daily Rate shall be equal to the BMA Municipal Index until the Remarketing Agent next determines the Daily Rate as required hereunder.

(c) Weekly Mode.

(i) For each Rate Period during any Weekly Mode, Bonds in such Interest Mode shall bear interest beginning on the Rate Change Date at the Weekly Rate determined on the Rate Determination Date in the following manner for each such Rate Period. No later than 3:00 p.m., Chicago time, on the Rate Determination Date for each such Rate Period, the Remarketing Agent will determine the Weekly Rate and will give telephonic notice (confirmed by telecopy) to the Trustee of the Weekly Rate by 1:00 p.m.,

Chicago time, on the following Rate Change Date. Except on an Adjustment Date, in the event that the Weekly Rate is not determined by the Remarketing Agent on a Rate Determination Date, the rate of interest borne by the Bonds bearing interest at a Weekly Rate shall be equal to the BMA Municipal Index until the Remarketing Agent next determines the Weekly Rate as required hereunder.

(ii) If at any time the Remarketing Agent shall determine that, in its judgment, the scheduled Rate Determination Dates or Rate Change Dates during a Weekly Mode have become inappropriate (taking into account general market practice with respect to periodic adjustment of rates on instruments comparable to the Bonds bearing interest at the Weekly Rate, whether based upon the time of compilation or reporting of any interest rate or financial index or indicator or otherwise), the Remarketing Agent may, after consultation with the City, designate new scheduled Rate Determination Dates and/or Rate Change Dates, to remain in effect until another redetermination of scheduled Rate Determination Dates or Rate Change Dates in accordance with this subparagraph. The Remarketing Agent shall give written notice of any change in scheduled Rate Determination Dates and/or Rate Change Dates during a Weekly Mode to the City, the Trustee, the Trustee's Agent and the Bank, and such change shall become effective on the first scheduled Rate Determination Date or Rate Change Date, as the case may be, so designated occurring not less than 14 days following the giving of such notice. Promptly upon receipt of such notice, the Trustee shall notify or cause the Remarketing Agent to notify each affected Bondholder of such change in writing.

(d) Flexible Mode.

(i) For each Rate Period during any Flexible Mode, each Bond which will bear interest at a Flexible Rate for such Rate Period shall bear interest beginning on the Rate Change Date at the Flexible Rate determined on the Rate Determination Date in the following manner for each such Rate Period. No later than 11:00 a.m., Chicago time, on the Rate Determination Date for a Bond bearing interest at the Flexible Rate, the Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, (a) the duration of the Rate Period for such Bond by specifying the succeeding Rate Change Date (which shall also be the succeeding Rate Determination Date) for such Bond which Rate Change Date shall be no later than the Business Day prior to the Stated Termination Date, if a Letter of Credit is required to be in place, and (b) the Flexible Rate applicable to such Bonds bearing interest at the Flexible Rate during such Rate Period. The last day of such Rate Period must be a Business Day and the day next succeeding such Business Day must also be a Business Day. Except on an Adjustment Date, in the event that the Flexible Rate for any Bond is not determined by the Remarketing Agent on any Rate Determination Date, such Bond shall bear interest at a Flexible Rate equal to the BMA Municipal Index for a Rate Period of the shortest possible duration until the Remarketing Agent next determines the Flexible Rate, as required hereunder.

(ii) The Remarketing Agent shall determine the duration of Rate Periods during a Flexible Mode as will, in the judgment of the Remarketing Agent, result in the lowest aggregate cost being payable by the City with respect to the Bonds bearing interest at Flexible Rates, taking into account interest and any other determinable fees and expenses. The Remarketing Agent may establish different Rate Periods on the same Rate Change Date for Bonds in the Flexible Mode in order to achieve an average duration of Rate Periods that, in the judgment of the Remarketing Agent, is most likely to achieve the lowest total aggregate cost being payable by the City with respect to such Bonds, taking into account interest and any other determinable fees and expenses. The Remarketing Agent's determination shall be based upon the market for, and the relative yields of, the Bonds and other securities that bear interest at a variable rate or at fixed rates that, in the judgment of the Remarketing Agent, are otherwise comparable to the Bonds, or any fact or circumstance relating to the Bonds, affecting the market for the Bonds or affecting such other comparable securities in a manner that, in the judgment of the Remarketing Agent, will affect the market for the Bonds. The Remarketing Agent's determination shall be conclusive and binding upon all parties. Except on an Adjustment Date, in the event that the Rate Period for any Bond in a Flexible Mode is not determined by the Remarketing Agent as provided in this clause, the Rate Period for such Bond shall be a Rate Period of the shortest possible duration.

(e) Adjustable Long Mode.

(i) For each Rate Period during any Adjustable Long Mode each Bond which will bear interest at an Adjustable Long Rate for such Rate Period shall bear interest beginning on the Rate Change Date at the Adjustable Long Rate determined on the Rate Determination Date in the following manner for such Rate Period. No later than 11:00 a.m., Chicago time, on the Rate Determination Date for each Rate Period during an Adjustable Long Mode applicable to a specific Bond, the Remarketing Agent will determine a fixed per annum interest rate to be borne by such Bond for such Rate Period and is required to give telephonic notice (confirmed by telecopy) to the Trustee of the Adjustable Long Rate. In the event that the Adjustable Long Rate for any Bond is not determined by the Remarketing Agent for the initial Rate Period, the rate of interest borne by such Bonds shall be determined pursuant to Section 4.01(e) hereof. Except on an Adjustment Date, if the Remarketing Agent shall fail to determine an Adjustable Long Rate on a Rate Determination Date for a Rate Period within an Adjustable Long Mode, the Bonds shall automatically convert to a Rate Period of 367 days and shall bear interest at an Adjustable Long Rate equal to the Bond Buyer One-Year Note Index as most recently published in *The Bond Buyer* prior to the Adjustment Date.

(ii) The Remarketing Agent, upon the request of the City, shall determine the duration of Rate Periods during an Adjustable Long Mode as will, in the judgment of the Remarketing Agent, result in the lowest aggregate cost being payable by the City with respect to the Bonds bearing interest at Adjustable Long Rates, taking into account interest and any other determinable fees and expenses. The Remarketing Agent may establish different Rate Periods on the same Rate Change Date for Bonds in an Adjustable Long

Mode in order to achieve an average duration of Rate Periods that, in the judgment of the Remarketing Agent, is most likely to achieve the lowest total aggregate cost being payable by the City with respect to such Bonds, taking into account interest and any other determinable fees and expenses. The Remarketing Agent's determination will be based upon the market for and the relative yields of the Bonds and other securities that bear interest at a variable rate or at fixed rates that, in the judgment of the Remarketing Agent, are otherwise comparable to the Bonds, or any fact or circumstance relating to the Bonds, affecting the market for the Bonds or affecting such other comparable securities in a manner that, in the judgment of the Remarketing Agent, will affect the market for the Bonds. The Remarketing Agent's determination will be conclusive and binding upon all parties. Except on an Adjustment Date, in the event that the Rate Period for any Bond in an Adjustable Long Mode is not determined by the Remarketing Agent as provided in this clause (ii), the Rate Period for such Bond will be a 367-day Rate Period.

(f) Fixed Rate. From and after the Fixed Rate Conversion Date for a Bond, such Bond shall bear interest at the Fixed Rate with respect thereto established as provided in Section 4.03 hereof.

(g) Defaulted Interest. Defaulted Interest with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date, and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business of the Trustee on the Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the City shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Bondholders entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than ten days prior to the date of the proposed payment and not less than ten days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Registered Owner of a Bond at the address of such Registered Owner as it appears on the Bond Register not less than ten days prior to such Special Record Date. Such Defaulted Interest shall be paid to the Registered Owners in whose names the Bonds on which such Defaulted Interest is to be paid are registered on such Special Record Date.

(h) Information for Bondholders. The Trustee agrees to provide to any Bondholder, upon the written request of such Bondholder, information regarding the Adjustment Periods, Rate Periods, Interest Payment Dates, optional redemption provisions and interest rate or rates applicable to such Bondholder's Bonds.

(i) Notices to City. The Remarketing Agent agrees to provide to the City notice of all determinations made by the Remarketing Agent pursuant to the Indenture, including, but not limited to, interest rate determinations and duration of Rate Periods, on a timely basis.

(j) Alternate Bank Rate. No Alternate Bank Rate shall become effective unless the Trustee has received an Opinion of Bond Counsel, in form and substance satisfactory to them, to the effect that the change to such Alternate Bank Rate will not adversely affect the exclusion from gross income, for Federal income tax purposes, of interest on the Bonds (other than Bank Bonds) and will not adversely affect the validity of such Bonds.

Section 2.03. Execution; Limited Tax Obligations. The Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor of the City and attested with the official manual or facsimile signature of its City Clerk, and shall have affixed, impressed, imprinted or otherwise reproduced thereon the corporate seal of the City or a facsimile thereof. The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State, and pursuant to the Ordinance. The Bonds are direct and general obligations of the City, payable from moneys provided under the Letter of Credit, from moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and from any funds of the City legally available for the purpose of paying principal, redemption, premium, if any, and interest on the Bonds, which amounts are hereby held as security for the equal and ratable payment of the Bonds; provided, however, that in no event shall the City be obligated to levy any separate ad valorem or other tax, in addition to other City taxes, or any special ad valorem or other tax unlimited as to rate or amount to pay principal, interest or redemption premium on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery.

Section 2.04. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication in substantially the form attached hereto as part of Exhibit A shall have been duly executed by the Trustee, and such executed certificate of the Trustee, upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if (a) signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificates of authentication on all of the Bonds issued hereunder, and (b) the date of authentication on the Bond is inserted in the place provided therefor in the certificate of authentication.

Section 2.05. Form of Bonds; Temporary Bonds. The Bonds issued under this Indenture shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Pending preparation of definitive Bonds, or by agreement with the purchasers of the Bonds, the City may issue and, upon its request, the Trustee shall authenticate, in lieu of

definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the City, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 2.06. Delivery of Bonds. Upon the execution and delivery of this Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the purchasers as may be directed by the City as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

(1) a copy, duly certified by the City Clerk of the City, of the Ordinance;

(2) original executed counterparts of this Indenture, the Initial Credit Agreement, the initial Letter of Credit and the Remarketing Agreement;

(3) an opinion of legal counsel to the effect that (i) the City had the right and power to adopt the Ordinance; (ii) the Ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms; (iii) this Indenture, and the Initial Credit Agreement have been duly and lawfully authorized by all necessary action on the part of the City, have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and enforceable in accordance with their terms; and (iv) upon the execution, authentication and delivery thereof, the Bonds will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State and this Indenture; and

(4) a written order as to the delivery of the Bonds, signed by an Authorized Officer and stating (i) the identity of the purchasers, the aggregate purchase price and the date and place of delivery, and (ii) that no Event of Default has occurred and is continuing under this Indenture.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the City may pay the same without surrender thereof. The City and the Trustee may charge the Registered Owner of such Bond with their reasonable fees and expenses in this connection. All

Bonds so surrendered to the Trustee shall be cancelled and destroyed, and evidence of such destruction shall be given to the City. Upon the date of final maturity or redemption of all of the Bonds, the Trustee shall destroy any inventory of unissued certificates.

All duplicate Bonds issued and authenticated pursuant to this Section shall constitute original, contractual obligations of the City (whether or not, in the case of the first paragraph of this Section, lost, stolen or destroyed Bonds be at any time found by anyone), and shall be entitled to equal and proportionate rights and benefits hereunder as all other outstanding Bonds issued hereunder.

All Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Bonds, and shall preclude any and all other rights or remedies.

Section 2.08. Transfer and Exchange of Bonds; Persons Treated as Owners. (a) Subject to the limitations contained in subsection (c) of this Section, upon surrender for registration of transfer of any Bond at the principal corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Bondholder or such Bondholder's attorney duly authorized in writing, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity Date for the aggregate principal amount which the Registered Owner is entitled to receive bearing numbers not contemporaneously Outstanding. Subject to the limitations contained in subsection (c) of this Section, Bonds may be exchanged at such times at such principal corporate trust office of the Trustee upon surrender thereof together with an assignment duly executed by the Registered Owner thereof or such Registered Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Bonds of like date and tenor of any Authorized Denomination as the Bonds surrendered for exchange bearing numbers not contemporaneously Outstanding. The execution by the City of any Bond of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Bond.

(b) No service charge shall be imposed upon the Registered Owners for any exchange or transfer of Bonds. The City and the Trustee may, however, require payment by the person requesting an exchange or transfer of Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption in part.

(c) Subsequent to the Fixed Rate Conversion Date for any Bond, the Trustee shall not be required to transfer or exchange such Bond during the period commencing on the Record Date next preceding any Interest Payment Date of such Bond and ending on such Interest Payment Date, or to transfer or exchange such Bond after the mailing of notice calling such Bond

for redemption has been made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Bonds of the same Maturity Date and interest rate which were converted on the same date. Prior to the Fixed Rate Conversion Date applicable to any Bonds, the Trustee shall not be required to exchange or register the transfer of such Bond after the mailing of notice calling such Bond for redemption has been made as herein provided, except that the City and the Trustee shall be required to issue or register the transfer of Tendered Bonds after such date of mailing of notice of redemption.

(d) Bonds delivered upon any registration of transfer or exchange as provided herein or as provided in Section 2.07 hereof shall be valid limited obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

(e) The City, the Trustee, the Remarketing Agent, the Bond Insurer, the Bank and any Paying Agent may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Bond as herein provided shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f) In the event that sufficient moneys are on deposit with the Trustee to pay the applicable purchase price of any Tendered Bond as provided herein, such Tendered Bond shall be deemed to have been purchased whether or not delivered by the Registered Owner thereof on the date such Tendered Bond is to be purchased. In the event any such purchased Tendered Bond is not so delivered, the City shall execute and the Trustee shall authenticate and deliver a replacement Bond of like date, Maturity Date and denomination as the Tendered Bond and bearing a number not contemporaneously outstanding. In the event any such purchased Tendered Bond is so delivered, the Trustee shall register such Tendered Bond as provided in Section 3.09(b) hereof.

Section 2.09. Required Information in Bond Form. (a) On each date on which the Trustee or the Trustee's Agent authenticates and delivers a Bond, it shall complete the information required to be inserted by the Bond form and shall keep a record of such information.

(b) On each date on which the Trustee or the Trustee's Agent authenticates and delivers a Bond during a Flexible Mode or an Adjustable Long Mode applicable to such Bond as provided in Section 2.07 or 2.08 hereof, the Trustee or Trustee's Agent shall attach to each such Bond a copy of the notice in substantially the form set forth in the form of Bond attached as Exhibit A hereto for the purpose of maintaining an accurate record of the terms and provisions of the Adjustment Period then applicable to such Bond.

(c) On each date on which the Trustee authenticates and delivers Bonds bearing interest at a Fixed Rate from and after the Fixed Rate Conversion Date applicable to such Bonds, the Trustee shall issue Bonds with such information as is required pursuant to Section 4.03 hereof.

Section 2.10. Cancellation. Any Bond surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement, shall be cancelled upon surrender thereof to the Trustee or any Paying Agent. If the City shall acquire any of the Bonds, the City shall deliver such Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Any such Bonds cancelled by any Paying Agent other than the Trustee shall be promptly transmitted by such Paying Agent to the Trustee. Certification of Bonds cancelled by the Trustee and Bonds cancelled by a Paying Agent other than the Trustee which are transmitted to the Trustee shall be made to the City. Cancelled Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the City. Upon the date of final maturity or redemption of all Bonds, the Trustee shall destroy any inventory of unissued certificates.

Section 2.11. Book-Entry Provisions. The provisions of this Section shall apply as long as the Bonds are maintained in book-entry form with DTC or another Securities Depository, any provisions of this Indenture to the contrary notwithstanding.

(a) The Bonds shall be payable to the Securities Depository, or its nominee, as the Registered Owner of the Bonds, in same day funds on each date on which the principal of, premium, if any, and interest on the Bonds is due as set forth in this Indenture and the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, premium, if any, and interest on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

(b) If (i) the City determines, or (ii) the City receives notice that the Securities Depository has received notice from its Participants having interests in at least 50 percent in principal amount of the Bonds that the Securities Depository or its successor is incapable of discharging its responsibilities as a securities depository, or that it is in the best interests of the beneficial owners that they obtain certificated Bonds, the City may (or, in the case of clause (ii) above, the City shall) cause the Trustee to authenticate and deliver Bond certificates. The City shall have no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any determination described in this paragraph.

(c) If, following a determination or event specified in paragraph (b) above, the City discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the City will issue replacement Bonds to the replacement Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the

Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the beneficial owners of the Bonds shown on the records of such Participant. Replacement Bonds shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check mailed to each Registered Owner at the address of such Registered Owner as it appears on the Bond Register or, at the option of any Registered Owner of not less than $1,000,000 principal amount of Bonds, by wire transfer to any address in the United States of America on such Interest Payment Date to such Registered Owner as of such Record Date, if such Registered Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the principal corporate trust office of the Trustee.

(d) The Securities Depository and its Participants, and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the City and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Bonds.

(e) As long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

(f) As long as Cede & Co. is the Registered Owner of the Bonds:

(i) selection of Bonds to be redeemed upon partial redemption, presentation of Bonds to the Trustee upon partial redemption, delivery of Bonds to the Trustee in connection with an optional or mandatory tender, or redelivery of such Bonds by the Trustee to registered owners following a remarketing or failed conversion to the Fixed Rate shall be deemed made when the right to exercise ownership rights in such Bonds through DTC or DTC's Participants is transferred by DTC on its books;

(ii) notices of demand for purchase of Bonds shall be given by the beneficial owners of such Bonds exercising ownership rights to the Remarketing Agent (pursuant to DTC's Deliver Order procedures) by telephonic notice (confirmed in writing) or written notice;

(iii) any notices of the interest rate on the Bonds to be provided by the Trustee shall be provided to anyone identifying itself to the Trustee as a person entitled to exercise ownership rights with respect to such Bonds through DTC or its Participants;

(iv) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Registered Owners under the Indenture on a

fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Bonds through DTC or its Participants; and

(v) beneficial interests in Bank Bonds shall be held for the account of the Bank (or its Participant) on the records of DTC.

ARTICLE III

Purchase and Redemption of Bonds

Section 3.01. Purchase on Demand of Registered Owner While Bonds Bear Daily Rate or Weekly Rate. (a) While a Bond (other than a Bank Bond) bears interest at a Daily Rate, such Bond (or portion thereof in an Authorized Denomination) shall be purchased on a Demand Date therefor upon the demand of the Registered Owner thereof, at a purchase price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to such Demand Date, upon irrevocable telephonic or written notice (which telephonic notice shall be confirmed in writing, and which written notice may be given by telecopy) to both the Trustee's Agent and the Remarketing Agent, which notice must be received not later than 10:00 a.m., Chicago time, on a Business Day in order to be effective on that date. Any notice received after 10:00 a.m., Chicago time, on a Business Day shall be deemed given on the next succeeding Business Day. The Business Day on which any notice is deemed given will be the Demand Date for the applicable Tendered Bond. Such notice must specify the principal amount and number of such Bond, the name and the address of such owner and the taxpayer identification number, if any, of such owner. The Trustee's Agent shall give Immediate Notice (which notice shall be delivered no later than 10:30 a.m., Chicago time, on the Business Day on which it receives notice of tender) to the Trustee, the Remarketing Agent, the City and the Bank as to the contents of any such notices received by it.

(b) While a Bond (other than a Bank Bond) bears interest at a Weekly Rate, such Bond (or portion thereof in an Authorized Denomination) shall be purchased on a Demand Date therefor upon the demand of the Registered Owner thereof, at a purchase price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to such Demand Date, upon irrevocable written notice (which may be given by telecopy) to the Trustee's Agent, which notice must be received by the Trustee's Agent and the Remarketing Agent not later than 4:00 p.m., Chicago time, on a Business Day in order to be effective on that day. Any notice received after 4:00 p.m., Chicago time, on a Business Day shall be deemed given on the next succeeding Business Day. Such notice must specify (i) the principal amount and number of such Bond, the name and the address of such owner and the taxpayer identification number, if any, of such owner, and (ii) the Demand Date on which such Bond is to be purchased. The Trustee's Agent shall give Immediate Notice (which notice shall be given no later than 4:30 p.m., Chicago time, on the Business Day on which it receives notice of tender) to the Trustee, the Remarketing Agent, the City and the Bank as to the contents of any such notices received by it.

(c) The determination of the Trustee's Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Registered Owner of such Bond. Any notice received by the Trustee's Agent pursuant to this Section from any person reasonably believed by the Trustee's Agent to be the Registered Owner of a Bond may be conclusively relied upon by the Trustee's Agent as a true, irrevocable notice of demand with respect to such Bond.

Section 3.02. Purchase on Notice of Certain Events of Default Under Credit Agreement While Letter of Credit is Required. During the period a Letter of Credit is required by Section 6.02 of this Indenture, the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) are subject to mandatory tender by the Registered Owners thereof to the Trustee when the Trustee gives Immediate Notice to the Registered Owners of such Bonds and the Remarketing Agent of the occurrence and continuation of a Credit Agreement Default. Upon the giving of such Immediate Notice, such Bonds shall be purchased, on a date designated by the Trustee, which date is no more than 15 days after the date of the Immediate Notice to the Bondholders, and in no event later than the Business Day prior to the last day on which funds will be available under the Letter of Credit, at a purchase price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the purchase date. In such case, the Registered Owner of any such Bond required to be purchased may not elect to retain its Bond and by the acceptance of such Bond shall be deemed to have agreed to sell such Bond to the Trustee on the date specified pursuant to this Section. The Trustee shall give such Immediate Notice upon receipt by the Trustee of a written notice from the Bank of the occurrence of a Credit Agreement Default.

Section 3.03. Purchase While Bonds Bear Flexible Rate. While any Bond (other than a Bank Bond) bears interest at a Flexible Rate, such Bond shall be purchased pursuant to this Section on each Rate Change Date for such Bond, other than the Rate Change Date which is the first day of a Flexible Mode applicable to such Bond, and on the Adjustment Date immediately following the last day of the Flexible Mode at a purchase price equal to 100 percent of the principal amount thereof. The Registered Owner of such Bond may not elect to retain its Bond.

Section 3.04. Purchase Prior to Stated Termination Date When Required Letter of Credit Not in Place; Purchase Prior to Substitution Date; Purchase Prior to Letter of Credit Cancellation Date. (a) If, during the period a Letter of Credit is required pursuant to the terms of Section 6.02 of this Indenture, by the 20th day preceding any Stated Termination Date of the Letter of Credit the Trustee has not received notice of an extension of the then current Letter of Credit or a Substitute Letter of Credit in accordance with the terms of this Indenture, all Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) shall be purchased on the Business Day prior to the Stated Termination Date of the Letter of Credit pursuant to this Section. If a Letter of Credit is required pursuant to the terms of this Indenture, and the City gives notice to the Trustee that it will provide a Substitute Letter of Credit pursuant to Section 6.01 of this Indenture, Bonds shall be subject to purchase hereunder, unless each Rating Agency then providing a short-term rating on the Bonds confirms in writing that such short-term rating will not be withdrawn or reduced as a result of the delivery of such Substitute Letter of Credit (a "Rating Exception Non-Tender"). In addition, if a Letter of Credit is no longer required pursuant to Section 6.02 of this Indenture, all Bonds (other than Bank Bonds and Bonds bearing

interest at a Fixed Rate) shall be purchased on the Business Day prior to the Letter of Credit Cancellation Date pursuant to this Section. A purchase of Bonds pursuant to this Section shall be at a purchase price for each such Bond equal to the principal amount thereof plus accrued interest, if any, to the purchase date.

(b) Not later than the 15th day preceding the Stated Termination Date of the Letter of Credit, if no extension of such Letter of Credit or Substitute Letter of Credit has been delivered, the Trustee shall give Immediate Notice to the Registered Owners of the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) and the Bond Insurer stating (i) the Stated Termination Date, (ii) that no Substitute Letter of Credit has been received as of the date of such notice, and (iii) that the Bonds are required to be purchased on the Business Day immediately preceding the Stated Termination Date.

(c) Except as provided in subsection (e) of this Section, not later than the 15th day preceding a Substitution Date, the Trustee shall give Immediate Notice to the Registered Owners of the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) stating (i) the Substitution Date and (ii) the Bonds are required to be purchased on the Business Day prior to the Substitution Date.

(d) If pursuant to subsection (a) of this Section the Bonds are subject to mandatory tender and purchase, not later than the 15th day preceding the Letter of Credit Cancellation Date, the Trustee shall give Immediate Notice to the Registered Owners of the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) stating (i) that the existing Letter of Credit is to be cancelled pursuant to Section 6.02 of this Indenture, and (ii) the Bonds are required to be purchased on the Business Day prior to the Letter of Credit Cancellation Date.

(e) In the event of a Rating Exception Non-Tender pursuant to subsection (a) of this Section, not later than the 15th day preceding the Letter of Credit Cancellation Date, the Trustee shall give Immediate Notice to the Registered Owners of the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) stating (i) that the existing Letter of Credit is to be cancelled pursuant to Section 6.02 of this Indenture, and (ii) the name of the Substitute Bank and the material terms of the Substitute Credit Agreement and Substitute Letter of Credit proposed to be delivered.

Section 3.05. Purchase While Bonds Bear Adjustable Long Rate. While any Bond (other than a Bank Bond) bears interest at an Adjustable Long Rate, such Bond shall be purchased pursuant to this Section on each Rate Change Date within an Adjustable Long Mode for such Bond, other than the Rate Change Date which is the first day of an Adjustable Long Mode applicable to such Bond, and on the Adjustment Date immediately following the last day of such Adjustable Long Mode, at a purchase price equal to 100 percent of the principal amount thereof. The Registered Owner of such Bond may not elect to retain its Bond.

Not later than the 15th day next preceding such Rate Change Date for each Rate Period, the Trustee shall give notice by mail to the Registered Owners of the Bonds which bear interest at an Adjustable Long Rate stating (i) the last day of the Rate Period then ending, and

(ii) that the Bonds are required to be purchased on such Rate Change Date. The foregoing notwithstanding, the failure of the Trustee to give such notice or cause such notice to be given will not affect the requirement of such Registered Owners to tender their Bonds for purchase. If sufficient moneys are on deposit with the Trustee on the applicable Rate Change Date to purchase such Bonds at the purchase price therefor, such Bonds shall not after the applicable Rate Change Date bear interest, be protected by the Indenture or be deemed to be Outstanding.

Section 3.06. Purchase on Adjustment Date. On each Adjustment Date with respect to a Bond (other than a Bank Bond), including, without limitation, a proposed Fixed Rate Conversion Date or a Substitute Adjustment Date, such Bond shall be purchased pursuant to this Section at a purchase price equal to 100 percent of the principal amount thereof, except that (i) a Bond which is to be purchased on an Adjustment Date which immediately follows the last day of a Flexible Mode shall be purchased pursuant to Section 3.03 hereof, and (ii) a Bond which is to be purchased on an Adjustment Date which immediately follows the scheduled final day of an Adjustable Long Mode shall be purchased pursuant to Section 3.05 hereof. The Registered Owner of such Bond may not elect to retain its Bond.

Not later than the 15th day next preceding the Adjustment Date for any Bond bearing interest at a Daily Rate or a Weekly Rate, the Trustee shall give Immediate Notice to the Registered Owner of such Bond stating (i) the last day of the Adjustment Period then ending, and (ii) that such Bond is required to be purchased on the Adjustment Date.

Section 3.07. Purchase of Tendered Bonds Delivered to Trustee's Agent; Notices. (a) Tendered Bonds shall be purchased from the Registered Owners thereof at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest thereon (unless purchased on an Interest Payment Date, in which event such accrued interest shall not be paid as part of the purchase price secured by the Letter of Credit), but solely from the following sources in order of priority indicated, neither the City, the Trustee, the Trustee's Agent nor the Remarketing Agent having an obligation to use funds from any other source:

(i) proceeds of the sale of such Tendered Bonds (other than Tendered Bonds sold to the City in violation of Section 3.15(b) hereof) pursuant to Section 3.08 hereof;

(ii) moneys received from the underwriter or purchaser (other than the City) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate;

(iii) proceeds of the Letter of Credit, to the extent a Letter of Credit is available; and

(iv) Eligible Moneys furnished by the City to the Trustee for the purchase of Tendered Bonds, provided that the conditions of Section 3.15(b) hereof are satisfied.

(b) The Trustee's Agent shall pay the purchase price specified above from the sources specified above of each Tendered Bond to the Registered Owner thereof by 1:30 p.m., Chicago time, on the purchase date, provided that the Trustee's Agent shall have confirmed that

such Registered Owner has delivered such Tendered Bond (with any necessary endorsements) to the principal corporate trust office of the Trustee's Agent no later than 12:00 noon, Chicago time, on such date.

Section 3.08. Remarketing of Tendered Bonds by Remarketing Agent. Upon the delivery or deemed delivery of Tendered Bonds by the Registered Owners thereof in accordance with the provisions hereof, the Remarketing Agent shall offer for sale and use its best efforts to remarket such Tendered Bonds pursuant to the Remarketing Agreement, any such remarketing to be made on the date on which such Tendered Bonds are to be purchased, at a price equal to 100 percent of the principal amount thereof plus accrued interest, if any.

If Bonds are delivered or deemed delivered for purchase under Section 3.01(a) hereof, the Remarketing Agent shall give telephonic notice to the Trustee, the Trustee's Agent, the City and the Bank no later than 11:00 a.m., Chicago time, on the date on which such Bonds are to be so delivered or deemed delivered, of the aggregate principal amount of such Bonds to be purchased on such date which it has reasonable grounds to expect will not be remarketed on such date.

In addition, with respect to Bonds delivered or deemed delivered for purchase under Section 3.01(b), 3.02, 3.03, 3.04, 3.05 or 3.06 hereof, the Remarketing Agent shall give telephonic notice to the Trustee, the Trustee's Agent, the City and the Bank no later than 11:00 a.m., Chicago time, on the Business Day next preceding the date on which such Bonds are to be so delivered or deemed delivered, of the aggregate principal amount of such Bonds to be purchased on such date which it has reasonable grounds to expect will not be remarketed on such date.

The Remarketing Agent shall remarket Bank Bonds to the extent, and subject to the conditions, set forth herein and in the Remarketing Agreement; provided, however, that no Bank Bond may be remarketed unless the amount of funds which are available and may be loaned under the Letter of Credit has been reinstated to the amount which was available prior to the purchase of such Bank Bonds, unless the Letter of Credit has been reduced pursuant to Section 6.01 of this Indenture or the Letter of Credit is no longer required pursuant to Section 6.02 of this Indenture. Bank Bonds shall be remarketed at a price of par plus accrued interest, if any, at the Bank Variable Rate until the Bond Sale Date; accrued interest on Bank Bonds at the Differential Interest Amount shall be due to the Bank from the City on the Bond Sale Date. Upon the remarketing of Bank Bonds, the Remarketing Agent shall immediately provide telephonic notice, promptly confirmed by telecopy, of such remarketing to the Trustee, the City and the Bank, and thereupon the Trustee shall, subject to Section 3.09(a)(ii) hereof, immediately deliver or provide for transfer of beneficial interest in such Bonds for delivery to the purchasers thereof upon payment to the Bank of the principal amount of such Bank Bonds.

Section 3.09. Delivery of Bonds and Proceeds of Sale.

(a) (i) Subject to Section 3.10 hereof, Bonds remarketed by the Remarketing Agent pursuant to Section 3.08 hereof shall be delivered by the Trustee or the Trustee's Agent as directed by the Remarketing Agent by 11:00 a.m., Chicago time, on the date of purchase against payment therefor. The proceeds of sale by the Remarketing Agent shall be delivered to the Trustee by 11:00 a.m., Chicago time, on the date of purchase.

(ii) Bank Bonds shall be delivered to the Trustee or otherwise at the direction of the Bank, or for as long as the Bonds are in the Book-Entry-Only System described in Section 2.11 hereof, credited to the designated account of the Bank or its designee as beneficial owner of such Bank Bonds by DTC (in its capacity as custodian) pursuant to the Credit Agreement or the Custody Agreement, if any. Notwithstanding anything herein to the contrary, if the Trustee holds Bank Bonds as custodian for the Bank pursuant to the Credit Agreement or the Custody Agreement, if any, the Trustee shall not release to the purchaser thereof Bank Bonds remarketed pursuant to Section 3.08 hereof unless the Bank shall have given written notification (which may be by facsimile communication) to the Trustee that it has reinstated the Letter of Credit. The Trustee hereby agrees to follow the provisions of the Credit Agreement or the Custody Agreement, if any, as to registration and procedures for Bank Bonds during the effective period of the Letter of Credit.

(b) Except as otherwise provided in the Credit Agreement or the Custody Agreement, if any, Tendered Bonds delivered as provided in this Section shall be registered in the manner directed by the purchaser thereof, except that Bank Bonds shall be registered in the name of the Bank, and beneficial interest therein shall be transferred as provided in paragraph (a)(ii) above.

(c) The Trustee's Agent shall notify the Trustee in writing (which may be delivered by telecopy) no later than 10:30 a.m., Chicago time, on each day on which Tendered Bonds in the Daily Mode, and no later than 4:30 p.m., Chicago time, on the Business Day prior to the day on which Tendered Bonds in any other Interest Mode, are delivered or deemed delivered for purchase under Section 3.01, 3.02, 3.03, 3.04, 3.05 or 3.06 hereof of the aggregate principal amount of Tendered Bonds to be purchased on such date. The Trustee shall take such actions as are necessary to draw or obtain funds under the Letter of Credit in accordance with its terms to pay the purchase price of all Tendered Bonds (other than Bank Bonds) on such date; and, in connection with the Initial Letter of Credit, shall make drawings thereunder (based upon the proceeds of sale by the Remarketing Agent actually delivered to the Trustee by 11:00 a.m., Chicago time, on the date of purchase pursuant to paragraph (a)(i) of this Section) no later than 11:15 a.m., Chicago time, on such date in order to obtain funds thereunder by no later than 1:15 p.m., Chicago time, on such date. If surplus moneys from the Bank remain after the payment in full of all Tendered Bonds, the Trustee shall provide Immediate Notice to the Bank of the amount of funds made available by the Bank on such date which are not required for the payment of Tendered Bonds and shall immediately return such excess funds to the Bank.

(d) If sufficient moneys are on deposit with the Trustee or the Trustee's Agent to pay the applicable purchase price of any Tendered Bond, such Tendered Bond shall be deemed to have been purchased whether or not delivered by the Registered Owner thereof on the date such Tendered Bond is to be purchased. If any such purchased Tendered Bond is not so delivered, the City shall execute, and the Trustee shall authenticate and deliver, a replacement Bond of like date, Maturity Date and denomination as the Tendered Bond and bearing a number not contemporaneously outstanding.

Section 3.10. No Remarketing After Certain Defaults. Anything in the Indenture to the contrary notwithstanding, (a) if during the period a Letter of Credit is required pursuant to Section 6.02 of this Indenture, there is no Letter of Credit in effect, there shall be no remarketing of Tendered Bonds unless consented to in writing by the City, the Remarketing Agent and the Bank, and (b) if there shall have occurred and be continuing an Event of Default under the Indenture of which an authorized officer in the principal office of the Remarketing Agent or an authorized officer in the principal corporate trust office of the Trustee has actual knowledge, there shall be no remarketing of Tendered Bonds pursuant to Section 3.08 hereof unless consented to in writing by the City, the Remarketing Agent and the Bank.

Section 3.11. Redemption Terms, Dates and Prices. The Bonds shall be subject to redemption prior to their Maturity Date in the amounts, at the times and in the manner provided in this Section.

(a) Optional Redemption.

(i) Bonds in a Daily Mode or a Weekly Mode shall be subject to redemption prior to their Maturity Date at the option of the City, from Eligible Moneys, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day during such Daily Mode or Weekly Mode, as applicable, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) Bonds in an Adjustable Long Mode shall be subject to redemption prior to their Maturity Date, during each Rate Period therein, at the option of the City, from Eligible Moneys, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day after the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of Bonds called for redemption) plus accrued interest, if any, to the redemption date:

Length of Rate Period	No-Call Period	Redemption Price
greater than 12 years	10 years from the Rate Change Date	102%, declining 1% per 12 months to 100%
less than or equal to 12 years and greater than 4 years	until 2 years prior to end of Rate Period	100%
less than or equal to 4 years	length of Rate Period	not subject to optional redemption

The City may deliver to the Trustee an alternative redemption schedule to the schedule shown above, if the City delivers to the Bank and the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the Bonds in accordance with their terms, and will not have an adverse effect on any exclusion from gross income of the interest thereon for Federal income tax purposes. After the first Rate Change Date succeeding the delivery of such alternative schedule and Opinion of Bond Counsel, Bonds in an Adjustable Long Mode shall be subject to redemption pursuant to the terms of such alternative schedule.

(iii) Bonds in the Fixed Mode shall be subject to redemption prior to their Maturity Date at the option of the City, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day after the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of the Bond called for redemption) plus accrued interest, if any, to the redemption date:

Term of Maturity	No-Call Period	Redemption Price
greater than 12 years	10 years from the Fixed Rate Conversion Date	102%, declining 1% per 12 months to 100%
less than or equal to 12 years and greater than 4 years	until 2 years prior to the Maturity Date	100%
less than or equal to 4 years	term to the Maturity Date	not subject to optional redemption

The City may deliver to the Trustee an alternative redemption schedule to the schedule shown above, if the City delivers to the Bank and the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the Bonds in accordance with their terms, and will not have an adverse effect on any exclusion from gross income of the interest thereon for Federal income tax purposes. Bonds which commence bearing interest at a Fixed Rate on or after the delivery of such alternative schedule and Opinion of Bond Counsel shall be subject to redemption in accordance with the provisions of such alternative schedule.

(iv) Bonds bearing interest at a Flexible Rate or an Adjustable Long Rate shall be subject to optional redemption prior to their Maturity Date at the option of the City, from Eligible Moneys, in whole or in part (and, if in part, in an Authorized Denomination) on any Rate Change Date therefor, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

(b) Optional Redemption of Bank Bonds. Bank Bonds shall be subject to redemption prior to their Maturity Date at the option of the City, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

(c) Extraordinary Redemption of Bank Bonds. Bank Bonds shall be subject to mandatory redemption on the dates and in the amounts specified in Section 3.1 of the Credit Agreement. Such redemption shall be at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium. Bank Bonds shall be redeemed pursuant to the provisions of this paragraph without any notice from or direction by the City.

(d) General Provisions Regarding Optional and Extraordinary Redemptions.

(i) No redemption of less than all of the Bonds outstanding shall be made pursuant to Section 3.11(a) or (b) hereof unless (i) if such redemption is of Bonds bearing interest at a Short Rate or an Adjustable Long Rate, the aggregate principal amount of Bonds to be redeemed is equal to $100,000 or integral multiples thereof, and (ii) if such redemption is with respect to Bonds bearing interest at a Fixed Rate, the aggregate principal amount of Bonds to be redeemed is equal to $100,000 or $5,000 multiples in excess thereof. Any redemption of less than all of the Bonds outstanding shall be made in such a manner that all Bonds outstanding after such redemption are in Authorized Denominations.

(ii) Bonds may be called for redemption by the Trustee pursuant to Section 3.11(a) hereof (A) in the case of Bonds bearing interest at a Short Rate, upon receipt by the Trustee at least 35 days prior to the redemption date of a written request of the City requesting such redemption, or (B) in the case of Bonds bearing interest at an Adjustable Long Rate or a Fixed Rate, upon receipt by the Trustee at least 45 days prior to the redemption date of a written request of the City requesting such redemption.

(iii) Bonds may be called for redemption by the Trustee pursuant to Section 3.11(b) hereof upon receipt by the Trustee at least one Business Day prior to the redemption date of a written request of the City requesting such redemption. The Trustee or the Trustee's Agent shall give notice to the Bank one Business Day prior to any redemption of Bank Bonds pursuant to Section 3.11(b) or (c) hereof.

(iv) In lieu of redeeming Bonds pursuant to Section 3.11(a) hereof, the Trustee may, at the request of the City, use such funds available hereunder for redemption of

Bonds to purchase Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any Bond so purchased shall be purchased with Eligible Moneys unless such Bond is a Bank Bond or bears interest at a Fixed Rate. Any Bond so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be cancelled, all as provided in Section 2.10 hereof.

Section 3.12. Notice of Redemption. (a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Bonds to be redeemed shall be given by first class mail, postage prepaid, with respect to Bonds bearing interest at a Short Rate, not less than 30 or more than 45 days prior to the date fixed for redemption and shall be given by first class mail, postage prepaid, with respect to Bonds bearing interest at an Adjustable Long Rate or a Fixed Rate, not less than 30 or more than 60 days prior to the date fixed for redemption, to the Bank, the Remarketing Agent and the Registered Owners of the Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment, and that from the redemption date interest will cease to accrue on the Bonds which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Bonds, any premium thereon, and accrued interest thereon to the redemption date, which moneys shall be Eligible Moneys to the extent such payments are required to be made with Eligible Moneys, or such notice shall state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the earlier of (i) 30 days after the date of placement with the Trustee, or (ii) the redemption date.

(b) Notwithstanding Section 3.12(a) hereof, if Bank Bonds are to be redeemed pursuant to Section 3.11(b) or (c) hereof, the Trustee shall give Immediate Notice of a redemption of Bank Bonds to the Bank at least one Business Day prior to the date fixed for redemption.

(c) In addition to the requirements of subsections (a) and (b), notice of the redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed shall specify (i) the series name and designation and certificate numbers of Bonds being redeemed, (ii) the CUSIP numbers of the Bonds being redeemed, (iii) the principal amount of Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the redemption price, (vi) the Date of Issuance, (vii) the interest rate and Maturity Date of the Bonds being redeemed, (viii) the date of mailing of notices to Registered Owners and information services, and (ix) the name of the employee of the Trustee which may be contacted with regard to such notice.

(d) Redemption notices shall also be forwarded by registered mail, telecopier or overnight delivery service with the intention that they be received at least two days prior to the date of mailing of notices to Registered Owners, to the following depository institutions:

(i) The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Attention: Muni Reorganization Manager
FAX: (516) 227-4039 or 4190

(ii) Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, Pennsylvania 19103
Attention: Bond Department
DEX: (215) 496-5058

If either such trust company ceases operations, notices shall be sent to its successor (if any).

(e) Redemption notices shall also be sent by registered mail, at least 30 days but not more than 60 days prior to the redemption date, to two national information services that disseminate redemption information as determined by the Trustee as long as such services exist.

(f) A second redemption notice shall be sent by first class mail, not more than 60 days after the redemption date to each Registered Owner of Bonds called for redemption who has not presented such Bonds within 30 days following the redemption date.

(g) In the event of an advance refunding of the Bonds, a notice of such event shall be given as required above for redemptions at least 30 days but not more than 60 days prior to the actual redemption date.

(h) Failure to give notice in the manner prescribed hereunder with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Bonds thus called shall not, after the applicable redemption date, bear interest, be protected by the Indenture or be deemed to be outstanding under the provisions of the Indenture.

(i) If any Bond is transferred or exchanged on the Bond Register after notice has been given calling such Bond for redemption, the Trustee will attach a copy of such notice to the Bond issued in connection with such transfer or exchange.

Section 3.13. No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default of which an officer of the Trustee has actual knowledge, there shall be no redemption of less than all of the Bonds at the time outstanding.

Section 3.14. Selection of Bonds for Redemption. If less than all the Bonds shall be called for redemption under any provision of this Indenture permitting such partial redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the City, in the principal amount designated to the Trustee by the City, which designation shall include the Interest Mode and Maturity Date of the particular Bonds to be redeemed, or otherwise as required by this Indenture; provided, however, that subject to the last sentence of this Section, (i) in the case of the redemption of less than all Bonds which bear interest in the same Interest Mode at the same rate for the same Rate Periods, and which, in the case of Bonds bearing interest at a Fixed Rate, were converted on the same date, such redemption shall be by lot in such manner as the Trustee may determine among such Bonds, and (ii) subject to other applicable provisions of the Indenture, the portion of any Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Registered Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Registered Owner thereof without charge therefor. Anything herein to the contrary notwithstanding, any redemption of less than all of the Bonds outstanding shall be made first from Bank Bonds.

Section 3.15. Limit on Remarketing. (a) Any Bond purchased pursuant to Section 3.01, 3.02, 3.03, 3.04, 3.05 or 3.06 hereof from the date notice is given of redemption of such Bond pursuant to Section 3.12 hereof through the date for such redemption, or from the date of notice of mandatory purchase of such Bond pursuant to Section 3.02, 3.03, 3.04, 3.05 or 3.06 hereof through the date for such mandatory purchase, shall not be remarketed except to a purchaser who has been notified at the time of such purchase of the requirement to deliver such Bond for redemption or purchase to the Trustee on the redemption or purchase date.

(b) Tendered Bonds shall not be remarketed to the City. The requirement of the preceding sentence shall not apply to a purchase of Tendered Bonds when there is either (a) a default under the Letter of Credit then in effect with respect to the Bonds, or (b) no Letter of Credit in effect pursuant to Section 6.02 of this Indenture. The Trustee shall not be required to monitor the actions of the Remarketing Agent to ensure that it will not remarket any Bonds to the City, and, for the purposes of Section 3.07(a)(i) hereof, the Trustee may, in the absence of actual notice to the contrary, assume that no funds furnished to the Trustee by the Remarketing Agent constitute proceeds of the remarketing of any Bonds to the City.

(c) Notwithstanding anything else herein to the contrary, in no event shall any Bond owned by the City be entitled to the benefit of the tender provisions hereof, and,

consequently, in no event shall proceeds of the Letter of Credit ever be applied to the payment of such City-owned Bonds (and, as such, the Trustee shall make no drawings under the Letter of Credit with respect thereto).

Section 3.16. Deposit of Funds. For the redemption of any of the Bonds, the City shall cause to be deposited in the Principal and Interest Account moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Bonds to be redeemed on the redemption date to be applied in accordance with the provisions hereof.

ARTICLE IV

Mode Conversion

Section 4.01. Authority for and Conditions to Conversion to Adjustable Long Mode or Short Mode. (a) If the City shall deliver to the Trustee a form of supplemental indenture responsive to the provisions of Section 11.01(b) hereof, it is not necessary that all of the Bonds operate in the same Interest Mode at the same time. The City may designate a different Interest Mode with respect to any Bond during a Flexible Mode or one or more Adjustable Long Modes on any Rate Change Date, and during a Daily Mode or a Weekly Mode on any Business Day, upon compliance with this Section. The City may select such subsequent Interest Mode and, within an Adjustable Long Mode or a Flexible Mode, the Remarketing Agent may designate such Rate Periods from time to time, upon the written request of the City in the case of the Adjustable Long Mode, as will, in its judgment, result in the lowest aggregate cost being payable by the City with respect to the Bonds bearing interest at a Flexible Rate or an Adjustable Long Rate, as the case may be, taking into account interest and any other determinable fees and expenses, and taking into account any Qualified Swap Agreement relating to such Bonds. The City may establish different Interest Modes and, within an Adjustable Long Mode or a Flexible Mode, the Remarketing Agent may from time to time, upon the request of the City in the case of the Adjustable Long Mode, establish different Rate Periods, for Bonds on the same Adjustment Date in order to achieve an average duration of Rate Periods that, in the judgment of the Remarketing Agent, is most likely to achieve the lowest total aggregate cost being payable by the City with respect to the Bonds, taking into account interest and any other determinable fees and expenses, and taking into account any Qualified Swap Agreement relating to such Bonds. The Remarketing Agent's determination shall be based upon the market for and the relative yields of the Bonds and other securities that bear interest at a variable rate or at fixed rates that, in the judgment of the Remarketing Agent, are otherwise comparable to the Bonds, or any fact or circumstance relating to the Bonds or affecting the market for the Bonds, or affecting such other comparable securities, in a manner that, in the judgment of the Remarketing Agent, will affect the market for the Bonds. The Remarketing Agent, in its discretion, may consider such information and resources as it deems appropriate in making the determinations required by this Section, but the Remarketing Agent's determination shall be based solely upon the Remarketing Agent's judgment, and the Remarketing Agent's determination shall be conclusive and binding upon all parties. The foregoing notwithstanding, the City may select any Interest Mode and, within an Adjustable Long Mode or a Flexible Mode, the Remarketing Agent may designate any Rate Period which does not

meet the foregoing standards if the conditions of Section 4.01(g)(ii) hereof are satisfied. The City shall select such a principal amount of Bonds for conversion from one Interest Mode to another as will allow Bonds after conversion to be sold in the minimum Authorized Denominations applicable to such Interest Mode.

(b) The City shall evidence each designation of a subsequent Interest Mode and Adjustment Date for Bonds pursuant to Section 4.01(a) hereof by giving written notice to the Trustee, the Trustee's Agent, the Remarketing Agent, the Bank and each rating agency then maintaining a rating on the Bonds, which written notice shall be received by each such party not less than 20 days prior to the Adjustment Date with respect to the new Adjustment Period, specifying (i) the Interest Mode or Modes in which such Bonds shall operate during such Adjustment Period and the commencement date of such Adjustment Period, and (ii) if such Interest Mode is to be an Adjustable Long Mode, the duration of such Adjustment Period for each Bond affected thereby, the Rate Determination Date or Dates, the Rate Change Date or Dates therefor and the applicable optional redemption provisions determined in accordance with Section 3.11(a)(ii) hereof; provided, however, that (A) if such Adjustment Period is an Adjustable Long Mode or a Flexible Mode, the first day following each Rate Period therein shall be a Business Day, and (B) not later than the 20th day prior to the Adjustment Date with respect to the new Adjustment Period, the Trustee must have received written evidence from each rating agency then maintaining a rating on the Bonds that the then current rating on the Bonds will not be reduced or withdrawn due to the conversion of the Bonds to the Adjustable Long Mode or the Flexible Mode. In addition, the Letter of Credit must provide enough days of interest coverage after the Adjustment Date as may be required by any rating agency then maintaining a rating on the Bonds to continue its unenhanced rating, if any, unless no Letter of Credit is required pursuant to Section 6.02 of this Indenture.

(c) No later than 10:00 a.m., Chicago time, on an Adjustment Date which is the first day of a Flexible Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the City and the Trustee of (i) the initial Rate Period and initial Flexible Rate to be borne by each Bond designated to operate in a Flexible Mode, and (ii) the Rate Change Date which immediately succeeds such initial Rate Period. No later than 9:30 a.m., Chicago time, on an Adjustment Date which is the first day of a Daily Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the City and the Trustee of the initial Daily Rate to be borne by the Bonds designated to operate in a Daily Mode. No later than 10:00 a.m., Chicago time, on the Rate Determination Date preceding an Adjustment Date which is the first day of a Weekly Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the City and the Trustee of the initial Weekly Rate to be borne by the Bonds designated to operate in a Weekly Mode. No later than 10:00 a.m., Chicago time, on the Rate Determination Date preceding an Adjustment Date which is the first day of an Adjustable Long Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the Trustee and the City of the initial Adjustable Long Rate to be borne by each Bond designated to operate in an Adjustable Long Mode.

(d) If the City shall designate a Short Mode for any Bond which had been operating in an Adjustable Long Mode, or if the City shall designate an Adjustable Long Mode

for any Bond which had been operating in a Short Mode, the City shall cause to be delivered to the Trustee, the Trustee's Agent, the Bank and the Remarketing Agent concurrently with the notice described in (b) above, an Opinion of Bond Counsel to the effect that such designation (i) is authorized or permitted by this Indenture, (ii) will not have an adverse effect on the exclusion from gross income of interest on the Bonds for Federal income tax purposes, and (iii) will not have an adverse effect on the validity or enforceability of any Bond. If an Opinion of Bond Counsel is required to be delivered together with the notice, the conversion contemplated by such opinion and notice shall not become effective unless prior to 11:00 a.m., Chicago time, on the applicable Adjustment Date the Trustee shall have received an Opinion of Bond Counsel, dated the Adjustment Date, reaffirming the conclusions of the opinion accompanying the notice delivered as above required.

(e) In the event (i) the Remarketing Agent does not determine the interest rate applicable to the initial Rate Period during a new Interest Mode with respect to any Bond all as provided in Section 4.01(a) hereof, or (ii) an opinion required by Section 4.01(d) hereof is not delivered or reaffirmed on the applicable Adjustment Date, the immediately succeeding Interest Mode with respect to the Bonds in the Interest Mode then ending shall be (A) a Daily Mode if the preceding Mode was a Short Mode, with a Daily Rate established by the Remarketing Agent, or if the Remarketing Agent fails to set such Rate, such Daily Rate shall be equal to the BMA Municipal Index, or (B) an Adjustable Long Mode with an Adjustment Period of 367 days if the preceding Mode was an Adjustable Long Mode, with an Adjustable Long Rate established by the Remarketing Agent, or, if the Remarketing Agent fails to set such rate, such Adjustable Long Rate shall be equal to the Bond Buyer One-Year Note Index, as most recently published in *The Bond Buyer* preceding the Adjustment Date.

(f) Upon receipt of notice from the City as provided in Section 4.01(b) hereof, the Trustee, at least 15 days prior to each succeeding Adjustment Date, shall give the Immediate Notice described in Section 3.06 hereof to each Registered Owner of Bonds thereby affected bearing interest at a Daily Rate or a Weekly Rate of the mandatory tender for purchase of the affected Bonds on the Adjustment Date.

(g) Any designation pursuant to Section 4.01(a) of a subsequent Adjustment Period shall be accompanied by (i) a written statement from the Remarketing Agent, addressed to the City, the Bank and the Trustee, to the effect that the Remarketing Agent has determined that such change satisfies the standards provided in Section 4.01(a) hereof, or (ii) an approval in writing of such change by a duly authorized officer of the City or an Opinion of Bond Counsel to the effect that such approval is not required for the continued validity and enforceability of the Bonds in accordance with their terms.

(h) During such time as a Letter of Credit is required under Section 6.02 of this Indenture, no conversion of Interest Modes shall be effective unless the City has certified to the Trustee that the Credit Agreement in effect on and after such Interest Mode change permits requests to be made and funds to be made available to the Trustee's Agent so the Trustee's Agent can comply with Section 3.07 hereof in a timely manner.

Section 4.02. Designation of Substitute Adjustment Date. (a) The City may designate a Substitute Adjustment Date (i) for any Bank Bonds (provided that such Bank Bonds shall continue to bear interest at the Bank Rate as long as they remain Bank Bonds), with Bank Approval, on any Business Day, and (ii) for any Bonds in an Adjustable Long Mode, on any Business Day on which such Bonds can be optionally redeemed at a price of par plus accrued interest as set forth in Section 3.11(a)(ii) hereof. The Substitute Adjustment Date shall be the next succeeding Adjustment Date for such Bonds for all purposes of the Indenture.

(b) The City shall evidence each such designation of a Substitute Adjustment Date by giving written notice to the Remarketing Agent, the Bank and the Trustee, which written notice shall be received by the Remarketing Agent and the Trustee not less than one day prior to each such Substitute Adjustment Date for Bank Bonds and not less than 20 days prior to each Substitution Date for Bonds in an Adjustable Long Mode, specifying (i) the Interest Mode in which such Bonds shall operate commencing with such Substitute Adjustment Date, and (ii) if such Adjustment Period is to be an Adjustable Long Mode, the duration of the immediately succeeding Adjustment Period for each Bond affected thereby, the Rate Periods therein, the Rate Change Dates and Rate Determination Dates therefor, and the applicable optional redemption provisions determined in accordance with Section 3.11(a)(ii) hereof; provided, however, that clauses (A) and (B) of the proviso of Section 4.01(b) hereof shall apply to the designation by the City of a Substitute Adjustment Date and the selection of the Rate Change Date or Dates applicable thereto. In addition, if the succeeding Adjustment Period is to be an Adjustable Long Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the Trustee no later than 10:00 a.m., Chicago time, on the Business Day immediately preceding the Substitute Adjustment Date, specifying the interest rate which will be effective commencing on such Substitute Adjustment Date. If the succeeding Adjustment Period is to be a Flexible Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the Trustee, no later than 10:00 a.m., Chicago time, on the Adjustment Date which is the first day of a Flexible Mode, of (i) the duration of the initial Rate Periods during such Flexible Mode and the initial Flexible Rates to be borne by the Bonds designated to operate in a Flexible Mode during such Rate Periods, and (ii) the Rate Change Dates upon which such Rate Periods shall terminate. If the succeeding Adjustment Period is to be a Weekly Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the City and the Trustee, no later than 10:00 a.m., Chicago time, on the Business Day immediately preceding the Substitute Adjustment Date, specifying the interest rate which will be effective commencing on such Substitute Adjustment Date. If the succeeding Adjustment Period is to be a Daily Mode, the Remarketing Agent shall give telephonic notice (confirmed by telecopy) to the Trustee, no later than 9:30 a.m., Chicago time, on the Substitute Adjustment Date which is the first day of a Daily Mode, of the initial Daily Rate to be borne by the Bonds designated to operate in a Daily Mode during such Rate Period. If the succeeding Adjustment Period is to be a Fixed Mode, the City shall satisfy the requirements of Section 4.03.

(c) If the City shall designate a Substitute Adjustment Date for any Bonds, it shall cause to be delivered to the Trustee, the Remarketing Agent and the Bank concurrently with the notice described in (b) above, and no such designation of a Substitute Adjustment Date shall take effect without, an Opinion of Bond Counsel to the effect that the designation of such

Substitute Adjustment Date (i) is authorized or permitted by this Bond Indenture, (ii) will not have an adverse effect on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, and (iii) will not have an adverse effect on the validity or enforceability of any Bond. The Substitute Adjustment Date shall not be effective unless prior to 10:00 a.m., Chicago time, on the Substitute Adjustment Date, the Trustee shall have received an Opinion of Bond Counsel, dated such Adjustment Date, reaffirming the conclusions of the opinion accompanying the notice delivered as above required.

(d) Any designation by the City pursuant to Section 4.02(a) of a Substitute Adjustment Date shall be accompanied by (i) a written statement from the Remarketing Agent, addressed to the City and the Trustee, to the effect that the Remarketing Agent has determined that such change satisfies the standards provided in Section 4.01(a) hereof, or (ii) an Opinion of Bond Counsel to the effect that such approval is not required for the continued validity and enforceability of the Bonds in accordance with their terms.

Section 4.03. Authority for and Conditions to Conversion to Fixed Rate. (a) On any Rate Change Date during a Flexible Mode or an Adjustable Long Mode, or on any Business Day during a Daily Mode or a Weekly Mode, the interest rate to be borne by all or any portion of the Bonds in such Interest Mode shall be converted to a Fixed Rate, and such Bonds so converted shall thereafter bear interest at such Fixed Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at the Maturity Date, upon redemption or otherwise, upon receipt by the Trustee of (i) a direction from a duly authorized officer of the City specifying a Fixed Rate Conversion Date and the principal amount of Bonds to be converted, (ii) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors to underwrite or purchase all Bonds which are to be converted on such Fixed Rate Conversion Date at a price of 100 percent of the principal amount thereof, and (iii) an Opinion of Bond Counsel addressed to the City and the Trustee to the effect that such conversion (A) is authorized or permitted by this Bond Indenture, (B) will not have an adverse effect on the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, and (C) will not have an adverse effect on the validity or enforceability of any Bond, all of which direction, certificates, contract and opinion shall be received not less than 20 days prior to the Fixed Rate Conversion Date. The conversion of the interest rate borne by Bonds pursuant to this Section shall not become effective unless prior to 10:00 a.m., Chicago time, on the applicable Fixed Rate Conversion Date the Trustee shall have received an Opinion of Bond Counsel, dated the Fixed Rate Conversion Date, reaffirming the conclusions of the opinion accompanying the written direction of the City delivered as above required.

(b) At least 15 days prior to the Fixed Rate Conversion Date, the Trustee shall give or cause the Remarketing Agent to give written notice of such election by the City to the Registered Owners of all Bonds to be converted bearing interest at a Daily Rate or a Weekly Rate, which notice shall state (i) the Fixed Rate Conversion Date, and (ii) that such Bonds shall be subject to mandatory purchase on such Fixed Rate Conversion Date. The Trustee shall give written notice by first class mail to the Remarketing Agent and the Bank of the foregoing information.

(c) The City, at the direction of the Trustee, shall deliver replacement Bonds bearing the Fixed Rate for converted Bonds surrendered or deemed surrendered by the Registered Owner thereof. Any such replacement Bonds shall be executed and authenticated as provided in Section 2.08 hereof; provided, however, that, unless the form of the Bonds is revised pursuant to Section 2.05 hereof, the Trustee shall affix a legend on the face of each Bond authenticated on or after the Fixed Rate Conversion Date therefor in substantially the following form:

> This Bond bears interest at the Fixed Rate, as defined in this Bond, of _____ percent per annum from and after _____. This Bond is not secured by a Letter of Credit. This Bond matures on _____.

(d) From the date notice of the proposed establishment of a Fixed Rate with respect to any Bond is received by the Trustee as provided in subsection (a) of this Section 4.03 through the Fixed Rate Conversion Date therefor, such Bond shall not be remarketed by the Remarketing Agent except to a buyer who is notified in writing of the mandatory purchase of such Bond on such Fixed Rate Conversion Date.

(e) No Letter of Credit is required for Bonds bearing interest at a Fixed Rate, so the amount of the Letter of Credit, if any, may be reduced on or after the Fixed Rate Conversion Date with respect to such Bonds as provided in the Credit Agreement. The determination of the Fixed Rate for any Bonds shall be conclusive and binding upon the Registered Owners of such Bonds, the City and the Trustee.

(f) After the Fixed Rate Conversion Date for any Bonds, interest on such Bonds shall be payable semiannually on each January 1 and July 1 until all of such Bonds shall have been paid or payment shall have been duly provided for. The interest payable on the January 1 or July 1, as the case may be, next following the Fixed Rate Conversion Date for such Bonds shall be for the period, which may be less than six months, commencing on such Fixed Rate Conversion Date until such January 1 or July 1.

(g) If the conversion of the interest rate on any Bond does not occur for any reason, including in the event that any condition precedent to the conversion shall not occur, such Bonds shall bear interest from and after the proposed Fixed Rate Conversion Date in the same Interest Mode as the Interest Mode applicable to such Bond prior to the proposed Fixed Rate Conversion Date, at the interest rate calculated in the manner set forth in Section 2.02 hereof, and, in the case of an Adjustable Long Mode, for a Rate Period of 367 days.

Section 4.04. Effect of Notices. Any notice mailed as provided herein shall be conclusively presumed to have been given, whether or not the Registered Owners of the Bonds receive the same.

ARTICLE V

Revenues and Funds

Section 5.01. Source of Payment of Bonds. The Bonds are direct and general obligations of the City but are limited as to payment as described in Section 2.03 hereof and as otherwise provided herein.

Section 5.02. Creation of Proceeds Fund and Debt Service Fund; Creation of Bond Purchase Fund. (a) Creation of Proceeds Fund and Debt Service Fund. There is hereby created by the City and ordered established with the Trustee a separate and segregated fund to be designated the "City of Chicago Variable Rate Bonds, Series ___ Proceeds Fund" (the "Proceeds Fund") and a separate and segregated fund to be designated the "City of Chicago Variable Rate Bonds, Series ___ Debt Service Fund" (the "Debt Service Fund"). Moneys on deposit in the Proceeds Fund and the Debt Service Fund, and in each Account established therein as hereinafter provided, shall be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Bonds and the Bank.

(b) Creation of Accounts. There are hereby created by the City and ordered established with the Trustee separate Accounts within the Proceeds Fund, designated as follows:

(1) Project Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Project Account" (the "Project Account");

(2) Capitalized Interest Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Capitalized Interest Account" (the "Capitalized Interest Account");

(3) Costs of Issuance Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Costs of Issuance Account" (the "Costs of Issuance Account"); and

(4) Program Fee Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Program Fee Account" (the "Program Fee Account");

There is hereby created by the City and ordered established with the Trustee separate accounts within the Debt Service Fund designated as follows:

(1) Principal and Interest Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Principal and Interest Account" (the "Principal and Interest Account"); and

(2) Letter of Credit Account: an Account to be designated the "City of Chicago Variable Rate Bonds, Series ___ Letter of Credit Account" (the "Letter of Credit Account.")

(c) Creation of Bond Purchase Fund. The Trustee shall establish and maintain (but shall not have a lien on as part of the Trust Estate), as long as any Bonds are outstanding which have not been converted to a Fixed Rate, a separate fund to be known as the "City of Chicago Variable Rate Bonds, Series ____ Bond Purchase Fund" (the "Bond Purchase Fund"). There shall be deposited into the Bond Purchase Fund from time to time the following:

(i) the moneys received upon the remarketing of Tendered Bonds to any person pursuant to the Remarketing Agreement (other than Tendered Bonds sold to the City in violation of Section 3.15(b) hereof);

(ii) the moneys received from the underwriter or purchaser (other than the City) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate;

(iii) the moneys obtained by the Trustee pursuant to the Letter of Credit, if any, then in effect to be applied to pay the purchase price of Tendered Bonds; and

(iv) Eligible Moneys from the City to the extent that moneys obtained pursuant to (i), (ii) or (iii) above are insufficient on any date to pay the purchase price of Tendered Bonds, provided that the conditions of Section 3.15(b) hereof are satisfied.

Moneys in the Bond Purchase Fund shall be held in trust exclusively for the payment of the purchase price of Tendered Bonds; provided, however, that under no circumstances shall proceeds of a loan made pursuant to the Letter of Credit be used to purchase Bank Bonds. Moneys obtained by the Trustee pursuant to the Letter of Credit in excess of the amount needed for the payment of the purchase price of Tendered Bonds shall be promptly paid to the Bank. Moneys on deposit in the Bond Purchase Fund shall be invested only in Federal Obligations with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that moneys therefrom are anticipated to be required. Amounts held to pay the purchase price shall be applied in the same manner as provided under the Indenture with respect to unclaimed payments of principal and interest.

Section 5.03. Application of Bond Proceeds. The proceeds received by the City from the sale of the Bonds shall be applied as follows:

(a) Principal and Interest Account: the Trustee shall deposit into the Principal and Interest Account any accrued interest received upon the sale of the Bonds;

(b) Capitalized Interest Account: the Trustee shall deposit into the Capitalized Interest Account the amount of $_____;

(c) Program Fee Account: the Trustee shall deposit into the Program Fee Account the amount of $_____;

(d) Project Account: the Trustee shall deposit into the Project Account the sum of $_____; and

(e) Costs of Issuance Account: the balance of the proceeds of the Bonds in the amount of $_____ shall be deposited in the Costs of Issuance Account and applied by the City to the payment of Costs of Issuance of the Bonds.

Section 5.04. Deposits into Debt Service Fund and Accounts Therein. From time to time, when and as received, the City shall deposit into the Debt Service Fund such funds as are legally available therefor, as necessary to satisfy the Principal and Interest Account Requirement, such moneys to be applied as described below:

(a) for deposit into the Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable dates of calculation for the Principal and Interest Account Requirement to restore the Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement, treating for purposes of such calculation any balance projected to be on deposit in the Capitalized Interest Account as of the close of business on such date as amounts credited to the Principal and Interest Account; and

(b) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Program Fee Account during the semi-annual period commencing on such related Deposit Date.

In addition to the Debt Service Fund, there shall be deposited into the Debt Service Fund any other moneys received by the Trustee under and pursuant to this Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund and to one or more accounts therein.

Section 5.05. Use of Moneys in Certain Accounts for Payment of Bonds. Moneys in the Capitalized Interest Account, the Principal and Interest Account and the Letter of Credit Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds prior to their Maturity Date, and for reimbursement of the Bank for draws on the Letter of Credit as provided below. Funds for such payments shall be derived from the following source or sources but only in the following order of priority:

(a) for payment of principal of and interest on the Bonds on each Payment Date with respect to the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate), so long as the Letter of Credit shall be in effect, from moneys held in the Letter of Credit Account, which Account shall be held for the sole and exclusive benefit of the owners of the Bonds;

(b) for payment of interest on the Bonds on each Interest Payment Date with respect to the Bonds, from moneys held in the Capitalized Interest Account; provided, however, that so long as the Letter of Credit shall be in effect, interest due on the Bonds (except for Bank Bonds and Bonds bearing interest at a Fixed Rate) on such Interest

Payment Date shall be paid from a draw or draws on the Letter of Credit and moneys held in the Capitalized Interest Account shall be used on such Interest Payment Date to reimburse the Bank in an amount not to exceed the amount of such draw or draws;

(c) for payment of principal of the Bonds on each Payment Date on which a Principal Installment is payable with respect to the Bonds, from moneys transferred from the Project Account pursuant to the provisions of Section 5.07 hereof and held in the Principal and Interest Account; provided, however, that so long as the Letter of Credit shall be in effect, such Principal Installment or Sinking Fund Payment (except in respect of Bank Bonds and Bonds bearing interest at a Fixed Rate) shall be paid from a draw or draws on the Letter of Credit and moneys held in the Principal and Interest Account shall be used on such Payment Date to reimburse the Bank in an amount not to exceed the amount of such draw or draws; and

(d) for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Bonds and not otherwise provided for, from moneys held in the Principal and Interest Account.

Section 5.06. Use of Moneys in Costs of Issuance Account and Program Fee Account. Moneys deposited into the Costs of Issuance Account pursuant to Section 5.03(e) shall be used solely for the payment of Costs of Issuance of the Bonds as directed in a certificate of the City filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a certificate of the City filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account. Moneys deposited into the Program Fee Account pursuant to Section 5.03(c) hereof shall be used solely for the payment of Program Fees payable by the City to third parties, including the Bank, with respect to the Bonds as set forth in a certificate of the City filed with the Trustee.

Section 5.07. Use of Moneys in Project Account. Except as otherwise provided herein, moneys in the Project Account shall be disbursed and applied to pay, or to reimburse the payment of, the cost of capital projects of the City and for the short term financing of the working capital needs of the City.

Section 5.08. Tax Covenants. The City covenants to take any action required by the provisions of the Code and within its power to take in order to preserve the exclusion of interest on the Bonds from gross income for Federal income tax purposes, including, but not limited to, the provisions of Section 148 of the Code relating to "arbitrage bonds."

The City further covenants to comply with the provisions of the Tax Compliance Certificate of the City relating to the Bonds, including, but not limited to, those provisions relating to the status of the Bonds as "private activity bonds" under Section 141 of the Code.

Section 5.09. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Bond shall have been made

available to the Trustee for the benefit of the Registered Owner thereof, subject to the provisions of the immediately following paragraph, all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under the Indenture or on, or with respect to, such Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the City, and thereafter the Registered Owners of such Bonds shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the City shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

Section 5.10. Moneys Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account referred to in any provision of this Indenture shall be held by the Trustee in trust as provided in this Indenture, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby. Payments under the Letter of Credit shall be used solely and only to pay principal and interest on the Bonds, and the purchase price of Bonds, as provided in the Letter of Credit.

ARTICLE VI

Credit Facilities

Section 6.01. Letter of Credit. (a) The City covenants and agrees that at all times while any Bonds are outstanding which bear interest at a rate other than the Fixed Rate, it will maintain a Letter of Credit in full force and effect with respect to all such Bonds bearing interest at other than a Fixed Rate, except as otherwise provided in Section 6.02 of this Indenture

(b) Upon the receipt by the Trustee of a written request of the City stating that the amount available under the Letter of Credit may be reduced in compliance with Section 6.02 of this Indenture, the Trustee shall direct or send appropriate notice to the Bank requesting or directing that such amount be reduced and specifying the amount that shall thereafter be available under the Letter of Credit, subject to any requirements of the Credit Agreement. In no event shall the Letter of Credit be reduced to an amount less than the principal amount of the Bonds outstanding which bear interest at other than a Fixed Rate, plus an amount equal to interest thereon at the Interest Coverage Rate then required by any rating agency then rating the Bonds for the number of days then required by any rating agency then rating the Bonds, unless the City has deposited a Substitute Letter of Credit with the Trustee in accordance with the terms of this

Section, or unless the requirements set forth in Section 6.02 of this Indenture are satisfied; in no event shall any Substitute Letter of Credit replace only in part any then current Letter of Credit. Notwithstanding the foregoing, immediately after payment in full has been made on any Bond, either at its Maturity Date, by optional redemption or otherwise, the Trustee shall direct or send appropriate notice to the Bank requesting or directing that the amount available under the Letter of Credit be reduced by an amount equal to such principal so paid plus the amount of interest theretofore provided for under the Letter of Credit on such principal amount. No direction or consent of the City shall be required for the Trustee to take the action required by the preceding sentence.

(c) Prior to the Fixed Rate Conversion Date, a Substitute Letter of Credit may become effective on any Business Day, which shall be a Substitution Date. The City shall cause a draft of any Substitute Letter of Credit in substantially final form and a commitment letter with respect thereto, together with written evidence from each rating agency rating the Bonds prior to the Substitution Date of the rating on the Bonds after the Substitution Date, to be delivered to the Trustee, the Trustee's Agent and the Remarketing Agent, not less than 15 days prior to the proposed Substitution Date. On each Substitution Date the City, the Remarketing Agent, the Trustee and the Trustee's Agent shall also receive (i) an opinion of counsel for the Substitute Bank regarding the enforceability of the Substitute Letter of Credit in substantially the form delivered to the Trustee upon execution and delivery of the Letter of Credit then in effect, and (ii) an Opinion of Bond Counsel to the effect that the substitution of the Letter of Credit then in effect will not adversely affect the validity of the Bonds or any exclusion from gross income for Federal income tax purposes of interest on the Bonds would otherwise be entitled. No Substitute Letter of Credit shall become effective unless the then current Bank certifies to the City, the Trustee's Agent and the Trustee that all obligations owing to such Bank under the Credit Agreement have been paid in full.

(d) On any Substitution Date on which a Substitute Letter of Credit becomes effective in accordance with the provisions of this Section, the Trustee shall take such action as is required under the Credit Agreement to cause the cancellation of the Letter of Credit then in effect provided that all drawings requested thereunder have been honored.

(e) Immediate Notice shall be given by the Trustee to the Bank, the City, the Remarketing Agent, the Trustee's Agent and each rating agency then maintaining a rating on the Bonds if no satisfactory Substitute Letter of Credit shall be furnished to the Trustee in accordance with this Section on or prior to the Stated Termination Date of the then current Letter of Credit, unless the requirements of Section 6.02 of this Indenture are satisfied.

(f) Each Substitute Letter of Credit shall provide for the submission of draws thereunder, and the payment of properly submitted draws, on the same timing as that of the Letter of Credit being substituted for, unless the Rating Agency shall agree to some other timing.

Section 6.02. Letter of Credit Not Required in Certain Circumstances. (a) Prior to the Fixed Rate Conversion Date therefor, Bonds are not required to have the benefit of a Letter of Credit with respect to 100 percent of the outstanding principal amount of such Bonds

if, prior to the expiration or termination of the Letter of Credit then in effect, there is delivered to the City, the Remarketing Agent, the Trustee and the Trustee's Agent (i) an Opinion of Bond Counsel to the effect that the expiration or termination of the Letter of Credit then in effect will not adversely affect the validity of the Bonds or any exclusion from gross income for Federal income tax purposes of interest on the Bonds, and (ii) written evidence from each rating agency then maintaining a rating on the Bonds that the ratings on the Bonds (other than Bonds in the Fixed Mode) following the expiration or termination of the Letter of Credit will not be reduced or withdrawn from the ratings on the Bonds immediately prior to such expiration or termination. Bonds bearing interest at a Fixed Rate shall not be required to have the benefit of a Letter of Credit after the Fixed Rate Conversion Date applicable to such Bonds.

(b) Upon satisfaction of the requirements described in subparagraph (a) above, (i) the Trustee, upon receipt of a written request of the City, shall direct or send appropriate notice to the Bank requesting or directing the cancellation of the Letter of Credit then in effect on the date (the "Letter of Credit Cancellation Date") requested by the City in such written request, which date may not be less than 30 days, or such longer period as is required by the Credit Agreement for its termination at the request of the City, from the date the Trustee receives such written request, and (ii) following the date of such cancellation, all Tendered Bonds may be remarketed by the Remarketing Agent pursuant to the Remarketing Agreement without the benefit of a Letter of Credit until such time, if any, as the Bonds are thereafter entitled to the benefits of a Letter of Credit pursuant to the provisions of Section 6.01 of this Indenture, but only if there is delivered to the City, the Trustee, the Trustee's Agent and the Remarketing Agent an Opinion of Bond Counsel to the effect that the execution and delivery of the Letter of Credit will not adversely affect the validity of the Bonds or any exclusion from gross income for Federal income tax purposes of interest on the Bonds. In the event of a Letter of Credit Cancellation Date, the Bonds shall be subject to mandatory tender pursuant to Section 3.04 hereof. If at any time no Letter of Credit is required on the Bonds, the Trustee shall affix a legend on the face of each Bond which does not bear interest at a Fixed Rate authenticated on or after the date on which a Letter of Credit is no longer required in substantially the following form:

> A Letter of Credit is not required with respect to this Bond. If a Letter of Credit is currently provided, it may be discontinued at any time without prior notice to, or a right to tender by, the Bondholder.

Section 6.03. Consent of Bank Required. No consent of or notice to the Bank shall be required under any provision of the Indenture, nor shall the Bank have any right to receive notice of, consent to, direct or control any actions, restrictions, rights, remedies, waivers or accelerations pursuant to any provision of the Indenture, during any time which:

(i) the Bank is in default in its obligation to make loans under and in compliance with the terms of the Letter of Credit;

(ii) the Letter of Credit for any reason ceases to be valid and binding on the Bank or is declared to be null and void, or the validity or enforceability of any provision of the Letter of Credit is denied by the Bank or any governmental agency or authority, or

the Bank is denying further liability or obligation under the Letter of Credit, in all of the above cases contrary to the terms of the Letter of Credit;

(iii) a petition has been filed and is pending against the Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and has not been dismissed within thirty (30) day after such filing;

(iv) the Bank has filed a petition, which is pending, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law, of any jurisdiction, whether now or hereafter in effect, or has consented to the filing of any petition against it under such law; or

(v) the Bank is dissolved or confiscated by action of government due to war or peace time emergency or the United States government declares a moratorium on the Bank's activities.

Section 6.04. Draws on the Letter of Credit. (a) Trustee's Duty to Draw on Letter of Credit to Pay Principal of and Interest on Bonds. The City hereby authorized and directs the Trustee, and the Trustee hereby agrees, to draw moneys under the Letter of Credit for the benefit of the owners of the Bonds in accordance with the terms thereof in amounts sufficient to make timely payments of the principal of and interest on the Bonds (other than Bank Bonds or Bonds bearing interest at a Fixed Rate) in accordance with the provisions of Section ____ hereof after taking into account any amounts held in the Letter of Credit Account as a result of draws on the Letter of Credit pursuant to subsection (c) of this Section 6.04.

(b) Trustee's Duty to Draw on Letter of Credit to Pay Purchase or Redemption Price of Bonds. The Trustee shall also (i) draw moneys under the Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments required to be made pursuant to, and in accordance with, Sections 3.01, 3.02, 3.03, 3.04, 3.05 and 3.06 hereof, and (ii) draw moneys under the Letter of Credit to pay the redemption price of Bonds (other than Bank Bonds or Bonds bearing interest at a Fixed Rate) pursuant to Section 3.11 hereof in accordance with the terms thereof in the amounts required by said Section 3.11. It is understood and agreed that the Trustee when drawing amounts under the Letter of Credit as provided in clauses (i) and (ii) of this subsection (b) is not acting as an agent of the City. The Trustee shall make draws under the Letter of Credit in accordance with the terms thereof to pay the purchase price of Bonds pursuant to Sections 3.01, 3.02, 3.03, 3.04, 3.05 and 3.06 hereof, or to pay the redemption price or purchase price of the Bonds pursuant to Section 3.11 hereof, so as to provide immediately available funds in New York, New York, by the close of business on the date such purchase or redemption is to be made.

(c) Drawings Under Letter of Credit When Bonds Bear Interest at Flexible Rate. On the first Business Day of each month while the Bonds bear interest at a Flexible Rate and on any Adjustment Date commencing a Flexible Mode that is not the first Business Day of a month, the Trustee shall make draws under the Letter of Credit in accordance with the terms

thereof in an amount that would be sufficient to cause the amount on deposit in the Letter of Credit Account on such day to equal the accrued and unpaid interest on the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) plus the interest that would accrue on the Bonds from such date to and including the first Business Day of the following calendar month if the Bonds were outstanding at all times during such period calculated on the basis of the interest rate used in the Letter of Credit for purposes of calculating the stated amount thereof for any day interest is to accrue at a rate unknown on the date such draw is made. In either case, the Trustee shall apply amounts held to the credit of the Principal and Interest Account to reimburse the Bank the amount of such draw pursuant to Section ___ hereof. The Trustee shall provide any Paying Agent with the amounts calculated by the Trustee to be drawn under the Letter of Credit by such Paying Agent pursuant to this Section 6.04. Notwithstanding the deposit of such moneys in the Letter of Credit Account and the reimbursement of the Bank, the City shall have no right, title, or interest in such moneys, and such moneys shall be held exclusively for the Registered Owners and paid over in accordance with the provisions of this Indenture.

ARTICLE VII

Investment of Moneys

Section 7.01. Investment of Moneys. Moneys held in the funds, accounts and sub-accounts established hereunder shall be invested and reinvested in accordance with the provisions governing investments contained in the Indenture; provided, however, that proceeds of the Letter of Credit shall only be invested in Federal Obligations maturing no later than the date upon which such moneys will be required to be used in accordance herewith. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or sub-account for which they were made.

Section 7.02. Investment Income. The interest earned on any investment of moneys held hereunder, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or sub-account for which such investment was made; provided, however, that any interest earned on, and any profit resulting from, the investment of moneys on deposit in the Debt Service Reserve Account shall be transferred by the Trustee to the Second Lien Revenue Fund.

ARTICLE VIII

Discharge of Lien

Section 8.01. Defeasance. If the City shall pay to the Registered Owners of the Bonds, or provide for the payment of, the principal, premium, if any, and interest to become due on the Bonds, and satisfy in full the Bank Obligations, then this Indenture shall be fully discharged and satisfied. Upon the satisfaction and discharge of this Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to

evidence such discharge and satisfaction, and all fiduciaries shall pay over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to this Indenture which are not required for the payment or redemption of the Bonds or the Bank Obligations

If the City shall pay and discharge a portion of the Bonds as aforesaid, and such portion shall cease to be entitled to any lien, benefit or security under the Indenture, and if the City shall so direct, the Trustee shall take such actions as may be necessary to reduce the Letter of Credit in an amount related to such portion of the Bonds which have been paid and discharged in accordance with Section 6.01 hereof. The liability of the City with respect to such Bonds shall continue, but the Registered Owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Federal Obligations deposited with the Trustee under Article XI of the Indenture.

ARTICLE IX

Default Provisions; Remedies

Section 9.01. Defaults. Each of the following events is hereby declared to be an "Event of Default":

(a) payment of the principal or Redemption Price, if any, of any Bonds shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Bonds shall not be made when the same shall become due;

(c) the City shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in the Bonds, which materially affects the rights of the owners of the Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the owners of not less than 25 percent in principal amount of the Outstanding Bonds; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all diligence;

(d) default in the due and punctual payment of the purchase price of any Tendered Bond; or;

(e) receipt by the Trustee of notice from the Bank that an Event of Default has occurred under the Credit Agreement and that the Letter of Credit is being terminated pursuant to its terms by the Bank.

Section 9.02. Remedies. (a) Upon the happening and continuance of any Event of Default specified in paragraph (a), (b), (d) or (e) of Section 9.01 hereof, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) of Section 9.01 hereof, the Trustee may proceed, and upon the written request of the owners of not less than 25 percent in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of this Section, to protect and enforce its rights and the rights of the owners of the Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the Bonds including the right to require the City or the Bank to carry out any covenant or agreement with or for the benefit of the owners of the Bonds and to perform its or their duties under this Indenture or the Letter of Credit;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the owners of the Bonds; or

(iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds.

(b) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City but only out of moneys pledged as security for the Bonds for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds without prejudice to any other right or remedy of the Trustee or of the owners of the Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect from any moneys available under this Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(c) As long as the Letter of Credit shall be in effect, and the Bank shall not have failed to satisfy its obligations thereunder or otherwise lost its rights as provided in Section 6.03 hereof, the Bank shall be entitled to exercise all of the rights granted to the Registered Owners of the Bonds under this Indenture, and, in such event, shall be further entitled to direct the Trustee with respect to the use and disposition of moneys on deposit in the Principal and Interest Account of the Debt Service Fund (including, without limitation, the right to direct the Trustee to pay over all or any part of such moneys to the Bank) until all of the obligations to the Bank secured by the Trust Estate shall have been satisfied in full. Except as provided in Section 9.02(e) hereof, as long as the Letter of Credit shall be in effect, and the Bank shall not have failed to satisfy its obligations thereunder or otherwise lost its rights as provided in Section 6.03 hereof,

the Bank shall control the exercise of all remedies hereunder; as such, in the foregoing circumstances, Registered Owners of the Bonds shall not be entitled to the exercise of any remedies hereunder without the Bank's prior written consent.

(d) Under no circumstance may the Trustee declare the principal of or interest on the Bonds to be due and payable prior to the Maturity Date following the occurrence of an Event of Default under this Indenture.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee and the Bondholders shall have the absolute right at all times to enforce the provisions of the Letter of Credit without any requirement of consent from the Bank.

ARTICLE X

Trustee, Remarketing Agent and Paying Agent

Section 10.01. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth herein. The Trustee assumes no duties, responsibilities or liabilities by reason of its execution of this Indenture other than as expressly set forth in this Indenture. Notwithstanding any other provision of this Indenture, the Trustee shall have no lien or security interest in and to the proceeds of the Letter of Credit or the proceeds of remarketed Bonds; for the purpose of paying the fees or expenses of the Trustee. The Trustee shall draw on the Letter of Credit, when required, whether or not its fees and expenses have been fully paid. Notwithstanding any provision of this Indenture to the contrary, the Trustee may not resign or be removed until a successor Trustee shall have been appointed as herein provided, and the Letter of Credit duly and effectively transferred to such successor Trustee.

Section 10.02. Dealing in Bonds. The Trustee and the Remarketing Agent, in its individual capacity, may buy, sell, own, hold and deal in any of the Bonds, and may join in any action which the Registered Owner of any Bond may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City, and may act as depositary, trustee or agent for any committee or body of the Registered Owners of Bonds secured hereby or other obligations of the City as freely as if it did not act in any capacity hereunder. It is expressly understood that the Trustee in carrying out its duties under this Indenture shall be acting as a conduit with respect to deliveries of Bonds for purchase and purchases pursuant to Article III of this Indenture.

Section 10.03. Remarketing Agent. The City shall designate the Remarketing Agent for the purpose of determining the interest rate on the Bonds, subject to the conditions set forth in Section 10.04 hereof, and for the purpose of remarketing the Bonds as provided herein. The Remarketing Agent shall designate to the Trustee its Delivery Office and signify its

acceptance of the duties and obligations imposed upon it hereunder by written instruments of acceptance delivered to the City and the Trustee.

Section 10.04. Qualifications of Remarketing Agent. The Remarketing Agent shall be (i) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $_____, and (ii) authorized by law to perform all the duties imposed upon it by this Indenture and the Remarketing Agreement.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

Section 10.05. Paying Agent. The Trustee may, and, if the Bonds bear interest at a Short Rate and are no longer registered in the name of a nominee of a Securities Depository, shall, appoint a Paying Agent with power to act on its behalf and subject to its direction (i) in the authentication, registration and delivery of Bonds in connection with transfers and exchanges hereunder, as fully to all intents and purposes as though such Paying Agent had been expressly authorized by this Indenture to authenticate, register and deliver Bonds, (ii) for effecting purchases and sales of Bonds pursuant hereto and accepting deliveries of Bonds, making deliveries of Bonds and holding Bonds pursuant hereto, and (iii) in the making of draws and accepting notice of reinstatements under the Letter of Credit, including in the case of clauses (ii) and (iii) the establishment of required trust accounts in the name and on behalf of the Trustee. The foregoing notwithstanding, the Trustee need not appoint a Paying Agent for as long as the Trustee shall have an office in New York, New York capable of handling the duties of Paying Agent hereunder. Any Paying Agent appointed pursuant to this Section shall evidence its acceptance by a certificate filed with the Trustee, the Bank and the City. For all purposes of this Indenture, the authentication, registration and delivery of Bonds by or to any Paying Agent pursuant to this Section shall be deemed to be the authentication, registration and delivery of Bonds "by or to the Trustee." Such Paying Agent shall at all times be a commercial bank having an office in New York, New York, and shall at all times be a corporation organized and doing business under the laws of the United States or of any state with combined capital and surplus of at least $50,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or state authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation into which such Paying Agent may be merged or converted, or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which such Paying Agent shall be a party, or any corporation succeeding to the corporate trust business of such Paying Agent, shall be a successor of such Paying Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing or any further act on the part of the parties hereto or such Paying Agent or such successor corporation.

Any Paying Agent may at any time resign by giving written notice of resignation to the Trustee, the Remarketing Agent, the Bank and the City, and such resignation shall take effect at the appointment by the Trustee of a successor Paying Agent pursuant to the succeeding provisions of this Section and the acceptance by the successor Paying Agent of such appointment. The Trustee may at any time terminate the agency of any Paying Agent by giving written notice of termination to such Paying Agent, the Remarketing Agent, the Bank and the City. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Paying Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Paying Agent, shall give written notice of such appointment to the City, the Remarketing Agent and the Bank, and shall mail notice of such appointment to all registered owners of Bonds.

Notwithstanding anything herein to the contrary, any Paying Agent shall be entitled to rely on information furnished to it orally or in writing by the Trustee and the Remarketing Agent, and shall be protected hereunder in relying thereon.

The Trustee agrees to pay to any Paying Agent from time to time its fees and expenses for its services, and the Trustee shall be entitled to be reimbursed for such payments pursuant to Section 1005 of the Indenture.

Section 10.06. Notice to Rating Agencies. The Trustee hereby agrees that if at any time (a) any mandatory tender of the Bonds occurs, (b) the City redeems any portion of the Bonds outstanding hereunder prior to their Maturity Date, (c) the City provides for the payment of any portion of the Bonds pursuant to Article XI of the Indenture, (d) a successor Trustee is appointed, (e) any supplement to the Indenture, the Credit Agreement or the Custody Agreement, if any, shall become effective, or any party thereto shall waive any provision of the Indenture, (f) any change in the Remarketing Agent occurs, (g) any Fixed Rate Conversion Date occurs, (h) an Adjustable Long Mode or a Flexible Mode is established, (i) the Letter of Credit then in effect expires or terminates or a Substitute Letter of Credit is delivered, (j) the Stated Termination Date of the Letter of Credit is changed, then, in each case, the Trustee shall give notice thereof to each rating agency then maintaining a rating on the Bonds.

Section 10.07. Qualification of Trustee. The Trustee hereunder shall be a bank, trust company or national banking association having the powers of a trust company doing business and having an office in the City of Chicago, Illinois.

Section 10.08. Responsibilities of Trustee. (a) The recitals of fact herein and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or any Supplemental Indenture or of any Bonds issued hereunder or thereunder or in respect of the security afforded by this Indenture or any Supplemental Indenture, and the Trustee shall not incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof except to the extent such proceeds are paid to

the Trustee in its capacity as Trustee, or the application of any moneys paid to the City or others in accordance with this Indenture or any Supplemental Indenture. The Trustee shall not be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any action or suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of paragraph (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct or that of its agents.

(b) The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each Supplemental Indenture. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by law, this Indenture and each Supplemental Indenture, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture and any Supplemental Indenture relating to action taken or so to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

Section 10.09. Funds Held in Trust and Security Therefor. Any moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture or any Supplemental Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and upon the terms and conditions of this Indenture or such Supplemental Indenture. Subject to the terms of this Indenture concerning Permitted Investments, all moneys (not including securities) held by the Trustee, as such, may be deposited by the Trustee in its banking department, or with such other banks, trust companies, or national banking associations, each having its principal place of business in the City of Chicago, Illinois, as may be designated by the City and approved by the Trustee. No such funds shall be deposited with any bank, trust company or national banking association, other than the Trustee, in an amount exceeding 25 percent of the amount which an officer of such bank, trust company or national banking association shall certify to the Trustee and the City as the combined capital, surplus and undivided profits of such bank, trust company or national banking association. No such funds shall be deposited or remain on deposit with any bank, trust company or national banking association in excess of the amount insured by the Federal Deposit Insurance Corporation, unless (a) such bank, trust company or national banking association shall have deposited in trust with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the Trustee and the City, pledged to some other bank, trust company or national banking association, for the benefit of the City and the appropriate fund, account, subfund or subaccount, as collateral security for the moneys deposited, Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to 110 percent of the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been deposited in trust with the trust department of the Trustee, for the benefit of the City and the appropriate fund, account, subfund or subaccount, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the State in a sum at least equal to the amount of such moneys or part

thereof. The Trustee shall allow and credit interest on any such moneys held by it at such rate as it customarily allows upon similar moneys of similar size and under similar conditions or as required by law. Interest in respect of moneys or on securities in any fund, account, subfund or subaccount shall be credited in each case to the fund, account, subfund or subaccount in which such moneys or securities are held.

Section 10.10. Evidence on which Trustee May Act. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein or therein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof or thereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer.

Section 10.11. Permitted Acts and Functions. The Trustee may become the Owner of any Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture or any Supplemental Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 10.12. Resignation. The Trustee may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not fewer than 60 days' written notice to the City and mailing notice thereof, to the Bank and to the owners of Bonds at their addresses shown on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment of a successor by the City or the Owners of Bonds as herein provided.

Section 10.13. Removal. The Trustee may be removed at any time by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners of Bonds or by their attorneys duly authorized in writing and

delivered to the City. Copies of each such instrument shall be delivered by the City to the Bank and to the Trustee and any successor. The City may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to the Bank and to the Owners of Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment of a successor Trustee.

Section 10.14. Appointment of Successor. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City, the Bank and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the Owners of Bonds as herein authorized. The City shall mail notice to the Bank and to Owners of Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Bonds. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the City written notice of resignation as provided in Section 10.12 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, the Bank or any Owner of Bonds may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, doing business and having an office in the City of Chicago, Illinois.

Section 10.15. Transfer of Rights and Property to Successor. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights,

powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City.

Section 10.16. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank, trust company or national banking association which is qualified to be a successor to the Trustee under Section 10.14 hereof and shall be authorized by law to perform all the duties imposed upon it by this Indenture and any Supplemental Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 10.17. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in the Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 10.18. Evidence of Signatures of Owners and Ownership of Bonds. (a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(2) The authority of the person or persons executing any such instrument on behalf of a corporate Owner of Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such

corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of ownership of the same shall be proved by the Bond Register. Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 10.19. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, the Bank and any Owner of Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 10.20. Trustee's Agent. Until such time as the Bonds have been converted to bear interest at a Fixed Rate, the Trustee shall have the right to appoint a Trustee's Agent with the power to act on the Trustee's behalf and subject to its direction in the authentication and delivery of the Bonds, payment of the Bonds, provision of notice of interest rates on Bonds to Bondholders and in connection with transfers, exchanges, tenders and purchases thereof, as fully to all intents and purposes as though the Trustee's Agent had been expressly authorized hereunder to authenticate, deliver, pay, transfer and exchange Bonds, provide notice of interest rates to Bondholders, receive tender notices, purchase tendered Bonds and make payments on the Bonds. The Trustee's Agent shall perform such functions subject to the terms and conditions expressed in this Article X. The foregoing notwithstanding, the Trustee's Agent shall not be answerable for other than its gross negligence or willful misconduct and the Trustee's Agent shall not be deemed to have notice of any event of default hereunder unless notified by the Trustee. Any such Trustee's Agent shall be a commercial bank with trust powers or a trust company organized under the laws of the United States of America or one of the States thereof. For all purposes, any such Trustee's Agent shall be deemed to be acting solely as the agent of the Trustee and the authentication, delivery, transfer or exchange of Bonds, provision of notice of interest rates to Bondholders, receipt of tender notices, purchase of tendered Bonds and payment of Bonds by the Trustee's Agent pursuant to this Section shall be deemed to be the authentication, delivery, transfer or exchange of Bonds, provision of notice of interest rates to Bondholders, receipt of tender notices, purchase of tendered Bonds and payment of Bonds by the Trustee. The Trustee's Agent may act as Bond Registrar for any Bond prior to the Fixed Rate Conversion Date.

The Trustee's Agent shall at all times be a bank or trust company having a corporate trust office in the City of New York, New York (or having an agent with such a principal corporate trust office) and shall at all times be an institution organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authorities and either (a) having, together with its parent bank or trust company, a reported combined capital and surplus of at last $50,000,000 or (b) affiliated with and indemnified by the Trustee. If such institution publishes reports of condition at least annually pursuant to law or the requirements of such authorities, then for the purposes of this Section the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus. as set forth in

its most recent report of condition so published. The appointment of a Trustee's Agent under this Section shall be effective upon acceptance by the Trustee's Agent and shall continue until the Trustee making such appointment shall rescind such appointment or until the effective date of the resignation or removal of such Trustee pursuant to Section 10.13 or 10.14 hereof. In addition, the Trustee's Agent may resign upon 60 days prior written notice to the Trustee, the City, the Remarketing Agent, and the Bank. The Trustee's Agent may act through an agent constituting a commercial bank or trust company.

If at any time there is no Trustee's Agent, all references to the Trustee's Agent herein and in the Bonds shall be deemed to refer to the Trustee. As of the Date of Issuance, there is no Trustee's Agent hereunder.

ARTICLE XI

Supplemental Indentures

Section 11.01. Supplemental Indenture Effective Upon Execution by the Trustee. For any one or more of the following purposes, and at any time or from time to time, a supplemental indenture may be authorized by an ordinance adopted by the City Council of the City, which, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk and the execution and delivery of such supplemental indenture by the City and the Trustee, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the City in this Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(b) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in this Indenture;

(d) to create a series of Bonds and, in connection therewith, to specify and determine other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Bonds;

(e) to confirm, as further assurance, the pledge herein, and the subjection of, additional properties, taxes or other collateral to any lien, claim or pledge created or to be created by, this Indenture;

(f) to modify any of the provisions of this Indenture in any respect whatever, provided that such modification shall take effect only as of the date on which all of the Bonds are subject to mandatory tender;

(g) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

(h) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect;

(i) to provide additional duties of the Trustee under this Indenture;

(j) to provide for certificated Bonds;

(k) to implement a conversion of the interest rate on all or any portion of the Bonds to a Fixed Rate, an Adjustable Long Rate or a Short Rate, all as provided herein, including, but not limited to, modifying, amending or supplementing the form of Bond to reflect, among other things, a change in the designated title of the Bonds, the fixing of an annual rate of interest, the termination of the rights of any Registered Owner of Bonds to tender such Bonds for purchase, and the fact that the purchase price of, or interest on, the Bonds is no longer payable out of moneys drawn under the Letter of Credit;

(l) to evidence or give effect to, or facilitate, the delivery and administration under this Indenture of a Substitute Credit Agreement and/or a Substitute Letter of Credit, including, but not limited to, such provisions as are necessary to permit the issuer of such a Substitute Credit Agreement to provide credit support relating to payment of principal of and interest on the Bonds and a separate issuer of another Substitute Credit Agreement to provide liquidity support relating to payment of the purchase price of Bonds delivered or deemed delivered hereunder for purchase;

(m) to evidence or give effect to or facilitate the delivery and administration under this Indenture of a letter of credit, a line of credit, a bond purchase agreement, an insurance policy or any other credit or liquidity device to secure the Bonds;

(n) to secure or maintain ratings from any rating agency in the highest short-term or commercial paper debt rating category, and the highest long-term debt rating category, of such rating agency which are available for the Bonds, whether or not a Letter of Credit secures the Bonds, which changes will not restrict, limit or reduce the obligation of the City to pay the principal of, premium, if any, and interest on the Bonds as provided

in the Indenture or otherwise adversely affect the Registered Owners of the Bonds under the Indenture; and

(o) to effect a change in the optional redemption schedule for Bonds in a Fixed Mode or an Adjustable Long Mode pursuant to Section 3.11(a)(ii) or (iii) hereof, or to effect a change in redemption price in accordance with Section 3.11(d) hereof.

Section 11.02. Supplemental Indentures Effective With Consent of Owners of Bonds. At any time or from time to time, a supplemental indenture may be authorized by an ordinance adopted by the City Council of the City, subject to consent by the Owners of Bonds in accordance with and subject to the provisions of this Article, which Supplemental Indenture, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of this Article, and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

Section 11.03. General Provisions. (a) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Nothing in this Article shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any ordinance, resolution, act or other instrument pursuant to the provisions of this Article or the right or obligation of the City to execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

(b) Any ordinance authorizing a supplemental indenture referred to and permitted or authorized by Section 11.01 hereof may be adopted by the City Council of the City without the consent of any of the Owners of Bonds, but such supplemental indenture shall be executed and delivered by the City and the Trustee and shall become effective only on the conditions, to the extent and at the time provided in this Article. Every supplemental indenture delivered to the Trustee for execution shall be accompanied by an opinion of counsel stating that such supplemental indenture has been duly and lawfully authorized by the City Council of the City and executed by the City in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

(c) The Trustee is hereby authorized to enter into, execute and deliver any supplemental indenture referred to and permitted or authorized by this Article and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel that such supplemental indenture is authorized or permitted by the provisions of this Indenture.

(d) No supplemental indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

(e) No supplemental indenture shall take effect unless and until there has been delivered to the Trustee an Opinion of Bond Counsel to the effect that such supplemental indenture does not adversely affect the exclusion from gross income for federal income tax purposes to which interest on the Bonds would otherwise be entitled.

Section 11.04. Consent of Bank Required. As long as (i) a Letter of Credit is in effect or any Bank Bonds are outstanding, or (ii) the Bank Obligations remain unsatisfied, a supplemental indenture under this Article shall not become effective unless and until the Trustee shall have received Bank Approval. In this regard, the Trustee shall cause notice of the proposed execution of any such supplemental indenture, together with a copy of the proposed supplemental indenture, to be mailed to the Bank at least fifteen Business Days prior to the proposed date of execution and delivery of such supplemental indenture. The Bank shall be deemed to have denied consent to the execution and delivery of such supplemental indenture if the Trustee does not receive a letter of approval thereto signed by or on behalf of the Bank on or before the fifteenth Business Day after the mailing of said notice.

Section 11.05. Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to owners of Bonds shall be fully complied with if it is mailed postage prepaid only (i) to each Registered Owner of then Outstanding Bonds at his address, if any, appearing upon the registration books maintained by the City at the principal corporate trust office of the Trustee, (ii) to the Bank, and (iii) to the Trustee.

Section 11.06. Powers of Amendment. Any modification or amendment of this Indenture or of any supplemental indenture or of the rights and obligations of the City and of the Owners of the Bonds, in particular, may be made by a supplemental indenture, with the written consent given as provided in Section 11.07, (a) of the Owners of a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the then Outstanding Bonds are affected by the modification or amendment, of the Owners of a majority in principal amount of the then Outstanding Bonds so affected, except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in terms of purchase or the purchase price thereof, without the consent of the owner of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Bond shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the owners of such Bond.

Section 11.07. Consent of Owners of Bonds. (a) The City may at any time authorize a supplemental indenture making a modification or amendment permitted by the

provisions of Section 11.06, to take effect when and as provided in this Section. A copy of such supplemental indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to the Owners of the Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the City to the Owners of the Bonds (but failure to mail such copy and request shall not affect the validity of the supplemental indenture when consented to as in this Section provided). Such supplemental indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (i) there shall have been filed with the Trustee (1) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 11.06 and (2) an opinion of counsel stating that such supplemental indenture has been duly and lawfully executed and delivered by the City and the Trustee in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the City and enforceable in accordance with its terms upon its becoming effective as in this Section provided, and (ii) a notice shall have been mailed as hereinafter in this Section provided.

(b) The consent of an Owner of Bonds to any modification or amendment shall be effective only if accompanied by proof of the Ownership, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 10.18. A certificate or certificates signed by the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 10.18 shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

(c) At any time after the Owners of the required percentages of Bonds shall have filed their consents to the supplemental indenture, the Trustee shall make and file with the City a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the supplemental indenture (which may be referred to as a supplemental indenture entered into by the City and the Trustee as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Owners by the Trustee by mailing such notice to the Owners of the Bonds and the Bank (but failure to mail such notice shall not prevent such supplemental indenture from becoming effective and binding as provided in this Section). The Trustee shall file with the City proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such supplemental indenture making such amendment or modification shall be deemed conclusively binding upon the Trustee, the Bank and the Owners of all Bonds at the expiration of 40 days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of

competent jurisdiction setting aside such supplemental indenture in a legal action or equitable proceeding for such purpose commenced within such 40-day period; except that the Trustee and the City, during such 40-day period and any such further period during which any such action or proceeding may be pending, shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such supplemental indenture as they may deem expedient.

Section 11.08. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the City and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the consent of the Owners of all the then Outstanding Bonds to the execution and delivery of such supplemental indenture, such consent to be given as provided in Section 11.07 except that no notice to the Owners of the Bonds shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Section 11.09. Exclusion of Bonds. Bonds owned by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee with a Certificate upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 11.10. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the principal corporate trust office of the Trustee or upon any exchange or registration of transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such exchange or registration of transfer by the Trustee as to any such action. If the City or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the City to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for Bonds of the same maturity upon surrender of such Bond.

ARTICLE XII

Miscellaneous

Section 12.01. Severability. If any provision of this Indenture shall be held or deemed to be, or shall, in fact, be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.02. Payments Due on Saturdays, Sundays and Holidays. If the date for making any payment, or the last date for the performance of any act or the exercise of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made, act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date; provided, however, that nothing herein shall be deemed to extend the Stated Termination Date or otherwise affect the obligations of the Bank under the Credit Agreement.

Section 12.03. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.04. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used.

Section 12.05. Captions. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

IN WITNESS WHEREOF, City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, and Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, as of the date first above written.

[SEAL]

Attest:

CITY OF CHICAGO

By: _____
City Clerk

By: _____
Chief Financial Officer

[SEAL]

[NAME OF TRUSTEE], as Trustee

Attest:

By: _____
Authorized Signatory

By: _____
Authorized Signatory

(Sub)Exhibit "A" referred to in this Trust Indenture reads as follows:

(Sub)Exhibit "A".
(To Trust Indenture)

Form Of Bond

Number R-1 $_____

United States Of America

State Of Illinois

City Of Chicago

City Of Chicago Variable Rate Bond,
Series ____.

Maturity Date	Original Issue Date	C.U.S.I.P.
_____, ____	_____, ____	_____

Current Mode:

(If the current Interest Mode is a Flexible Mode or an Adjustable Long Mode, additional information is set forth in the Notice of Rate Period attached hereto.)

Registered Owner: Cede & Co.

Principal Amount:

As Hereinafter Described, Under Certain Circumstances On Certain Dates This Bond Is Permitted To Be, Or Is Required To Be, Tendered For Purchase To The Trustee Or The Trustee's Agent At The Purchase Price Specified Herein. The Registered Owner Hereof Who Elects To Tender This Bond, Or Is Required To Tender This Bond, For Purchase Shall Be Entitled Solely To The Payment Of Such Purchase Price On The Applicable Purchase Date, And Shall Not Be Entitled To The Payment Of Any Principal Hereof Or Any Interest Accrued Hereon On Or After Such Date.

City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources hereinafter

provided) to the registered owner identified above, or registered assigns, on the maturity date specified above, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the principal sum specified above, and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the original issue date specified above, or from and including the most recent Interest Payment Date (as defined in the hereinafter-defined Indenture) with respect to which interest has been paid or duly provided for, until payment of said principal sum has been made or duly provided for.

The Bonds are limited obligations of the City and shall not constitute an indebtedness of the City or a loan of credit thereof within the meaning of any constitutional or statutory limitation. Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of the Bonds, or the interest or any premium thereon. The Bonds are payable solely from the Trust Estate (as defined in the hereinafter-defined Indenture) pledged to such payment under the Indenture and certain other monies held by or on behalf of the Trustee, and no registered owner or owners of the Bonds shall have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof.

Reference is hereby made to the further provisions of this Bond set forth below, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It Is Hereby Certified, Recited And Declared that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the series of which it forms a part does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until the certificate of authentication hereon shall have been duly executed by the Trustee.

In Witness Whereof, The City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and the manual or facsimile of its corporate seal to be printed hereon and attested by the manual or facsimile signature of its City Clerk.

City of Chicago

By: _____
Mayor

Attest:

_____
City Clerk

Certificate Of Authentication.

This Bond is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____

[Name of Trustee], as Trustee

By: _____
Authorized Signatory

D.T.C. Legend.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("D.T.C."), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of D.T.C. (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of D.T.C.), Any Transfer, Pledge Or Other Use Hereof For Value or Otherwise By Or To Any Person Is Wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Payments. The principal of and premium, if any, on Bonds bearing interest at a Bank Rate, a Short Rate or an Adjustable Long Rate shall be payable at the

principal corporate trust office of the Trustee, upon presentation and surrender of such Bonds. The principal of and premium, if any, on Bonds bearing interest at a Fixed Rate shall be payable at the principal corporate trust office of the Trustee or, at the option of the registered owner, at the principal corporate trust office of any Paying Agent, if any, named in any such Bond, upon presentation and surrender of such Bonds. Any payment of the purchase price of a Tendered Bond shall be payable at the principal corporate trust office of the Trustee's Agent (or at such other office as may be designated by the Trustee), upon presentation and surrender of such Tendered Bond as hereinafter described.

Interest on Bonds bearing interest at a Daily Rate, a Weekly Rate, an Adjustable Long Rate or a Fixed Rate shall be paid by check mailed on the Interest Payment Date to the persons appearing on the Bond Register as the registered owners thereof as of the close of business of the Trustee on the Record Date at the address of such registered owners as they appear on the Bond Register or at such other addresses as are furnished to the Trustee in writing by such registered owners not later than the Record Date. Payment of interest on Bonds bearing interest at a Flexible Rate shall be made to the persons appearing on the Bond Register as the registered owners thereof as of the close of business of the Trustee on the Record Date, upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee on the applicable Interest Payment Date. Payment of interest on any Bond shall be made to registered owner of One Million Dollars ($1,000,000)or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to such registered owner on such Interest Payment Date upon written notice from such registered owner containing the wire transfer address within the United States to which such registered owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the Record Date; provided that such wire transfer shall only be made for Bonds bearing interest at a Flexible Rate upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee on the applicable Interest Payment Date. Payment of interest on Bank Bonds shall be made to the Bank by wire transfer on each Interest Payment Date at the wire transfer address specified in the Letter of Credit (or such other wire transfer address as is specified by the Bank in writing from time to time).

Interest accrued on the Bonds during each Rate Period shall be paid in arrears on each Interest Payment Date. Interest on the Bonds shall be computed (i) during any Short Mode upon the basis of a three hundred sixty-five (365) or three hundred sixty-six (366) day year, as applicable, for the number of days actually elapsed, (ii) during any Adjustable Long Mode or a Fixed Mode, upon the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months, and (iii) with respect to Bank Bonds, upon the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

General. This Bond is one of an authorized series of bonds limited in aggregate

principal amount to $_____ and designated City of Chicago Variable Rate Bonds, Series ____ (the "Bonds") issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois and an ordinance of the City Council of the City, and a Trust Indenture dated as of _____, 2002 (the "Indenture"), from the City to [Name of Trustee], Chicago, Illinois, as trustee (the "Trustee"), for the purpose of _____, and paying costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds and the interest thereon are direct and general obligations of the City [describe payment].

Copies of the Indenture are on file at the principal corporate trust office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds, and the limitations on such rights and remedies.

Definitions. Terms used in this Bond shall have the same meanings as set forth in the Indenture.

Interest Rates. The Bonds shall initially bear interest at the Initial Rate specified in the Indenture for the period specified in the Indenture, and thereafter at a Daily Rate as provided in the Indenture until and unless any portion thereof is converted to a different Interest Mode as provided in the Indenture.

Daily Mode. The Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, the Daily Rate in the manner set forth in the Indenture. Except on an Adjustment Date, in the event that the Daily Rate for any Rate Period is not determined by the Remarketing Agent, the rate of interest borne by the Bonds bearing interest at a Daily Rate shall be equal to the BMA Municipal Index until the Remarketing Agent next determines the Daily Rate as required under the Indenture.

Weekly Mode. The Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, the Weekly Rate in the manner set forth in the Indenture. Except on an Adjustment Date, in the event that the Weekly Rate for any Rate Period is not determined by the Remarketing Agent on a Rate Determination Date, the rate of interest borne by the Bonds bearing interest at a Weekly Rate shall be equal to the BMA Municipal Index until the Remarketing Agent next determines the Weekly Rate as required under the Indenture.

Flexible Mode. The Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, the duration of the Rate

Period and the Flexible Rate in the manner set forth in the Indenture. Except on an Adjustment Date, in the event that the Flexible Rate for any Bond is not determined by the Remarketing Agent on any Rate Determination Date, such Bond shall bear interest at a Flexible Rate equal to the B.M.A. Municipal Index for a Rate Period of the shortest possible duration.

Adjustable Long Mode. The Remarketing Agent will determine, and is required to give telephonic notice (confirmed by telecopy) to the Trustee of, the Adjustable Long Rate in the manner set forth in the Indenture. In the event that the Adjustable Long Rate for any Bond is not determined by the Remarketing Agent for the initial Rate Period, the rate of interest borne by such Bonds shall be determined pursuant to the Indenture. Except on an Adjustment Date, if the Remarketing Agent shall fail to determine an Adjustable Long Rate on a Rate Determination Date for a Rate Period within an Adjustable Long Mode, the Bonds shall automatically convert to a Rate Period of three hundred sixty-seven (367) days and shall bear interest at an Adjustable Long Rate equal to the Bond Buyer One (1) Year Note Index as most recently published in The Bond Buyer prior to the Adjustment Date.

Fixed Mode. From and after the Fixed Rate Conversion Date for a Bond, such Bond shall bear interest at the Fixed Rate with respect thereto established as provided below under "Conversion to a Fixed Rate".

Bank Rate. Each Bank Bond shall bear interest at the Bank Rate.

Maximum Interest Rate. At no time shall the Bonds (including Bank Bonds) bear interest at a rate higher than the Maximum Interest Rate, and at no time shall Bonds entitled to the benefit of the Letter of Credit bear interest at a rate higher than the Interest Coverage Rate.

Purchase On Demand Date. While a Bond (other than a Bank Bond) bears interest at a Daily Rate, such Bond (or portion thereof in an Authorized Denomination) shall be purchased on a Demand Date therefor upon the demand of the registered owner thereof, at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Demand Date, upon irrevocable telephonic or written notice (which telephonic notice shall be confirmed in writing and which written notice may be given by telecopy) to both the Trustee's Agent and the Remarketing Agent, which notice must be received not later than 10:00 A.M., Chicago time, on a Business Day in order to be effective on that date. Any notice received after 10:00 A.M., Chicago time, on a Business Day shall be deemed given on the next succeeding Business Day. Such notice must specify the principal amount and number of such Bond, the name and the address of such registered owner and the taxpayer identification number, if any, of such registered owner.

While a Bond (other than a Bank Bond) bears interest at a Weekly Rate, such Bond (or portion thereof in an Authorized Denomination) shall be purchased on a

Demand Date therefor upon the demand of the registered owner thereof, at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Demand Date, upon irrevocable written notice (which may be given by telecopy) to the Trustee's Agent and the Remarketing Agent, which notice must be received by the Trustee's Agent and the Remarketing Agent not later than 4:00 P.M., Chicago time, on a Business Day in order to be effective on that day (any notice received after 4:00 P.M., Chicago time, on a Business Day shall be deemed given on the next succeeding Business Day). Such notice must specify (i) the principal amount and number of such Bond, the name and the address of such registered owner and the taxpayer identification number, if any, of such registered owner, and (ii) the Demand Date on which such Bond is to be purchased.

Purchase On Notice Of Certain Events Of Default Under Credit Agreement While Letter Of Credit Is Required. During the period a Letter of Credit is required by the Indenture, the Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) are subject to mandatory tender by the registered owners thereof to the Trustee when the Trustee gives Immediate Notice to the registered owners of such Bonds and the Remarketing Agent of the occurrence and continuation of a Credit Agreement Default. In such case, the registered owner of any such Bond required to be purchased may not elect to retain its Bond, and by the acceptance of such Bond shall be deemed to have agreed to sell such Bond to the Trustee on the date specified pursuant to the Indenture.

Purchase While Bonds Bear Flexible Rate. While any Bond (other than a Bank Bond) bears interest at a Flexible Rate, such Bond shall be purchased on each Rate Change Date for such Bond, other than the Rate Change Date which is the first (1st) day of a Flexible Mode applicable to such Bond, and on the Adjustment Date immediately following the last day of the Flexible Mode at a purchase price equal to one hundred percent (100%) of the principal amount thereof. The registered owner of such Bond may not elect to retain its Bond.

Purchase Prior To Stated Termination Date When Required Substitute Letter Of Credit Not in Place; Purchase Prior To Substitution Date; Purchase Prior To Letter Of Credit Cancellation Date. During the period a Letter of Credit is required under the Indenture, all Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) shall be purchased (a) on the Business Day prior to each Stated Termination Date of the Credit Agreement, and (b) on the Business Day immediately preceding each Substitution Date, unless each Rating Agency then providing a short-term rating on the Bonds confirms that such short-term rating will not be withdrawn or reduced as a result of the delivery of such Substitute Letter of Credit. If a Letter of Credit is no longer required pursuant to the Indenture, all Bonds (other than Bank Bonds and Bonds bearing interest at a Fixed Rate) shall be purchased on the Business Day prior to the Letter of Credit Cancellation Date. A purchase of Bonds pursuant to this paragraph shall be at a purchase price for each such Bond equal to the principal amount thereof plus accrued interest, if any,

to the purchase date. The registered owner of such Bond may not elect to retain its Bond.

Purchase While Bonds Bear Adjustable Long Rate. While any Bond (other than a Bank Bond) bears interest at an Adjustable Long Rate, such Bond shall be purchased on each Rate Change Date within an Adjustable Long Mode for such Bond, other than the Rate Change Date which is the first (1st) day of an Adjustable Long Mode applicable to such Bond, and on the Adjustment Date immediately following the last day of such Adjustable Long Mode, at a purchase price equal to one hundred percent (100%) of the principal amount thereof. The registered owner of such Bond may not elect to retain its Bond.

Purchase On Adjustment Date. On each Adjustment Date with respect to a Bond (other than a Bank Bond), such Bond shall be purchased at a purchase price equal to one hundred percent (100%) of the principal amount thereof, except that (i) a Bond Which is to be purchased on an Adjustment Date which immediately follows the last day of a Flexible Mode shall be purchased as described under "Purchase While Bonds Bear Flexible Rate" above, and (ii) a Bond which is to be purchased on an Adjustment Date which immediately follows the scheduled final day of an Adjustable Long Mode shall be purchased as described under "Purchase While Bonds Bear Adjustable Long Rate" above. The registered owner of such Bond may not elect to retain its Bond.

Payment Of Purchase Price. Bonds remarketed by the Remarketing Agent shall be delivered by the Trustee or the Trustee's Agent as directed by the Remarketing Agent by 11:00 A.M., Chicago time, on the date of purchase against payment therefor. The proceeds of sale by the Remarketing Agent shall be delivered to the Trustee by 11:00 A.M., Chicago time, on the date of purchase. The Trustee's Agent shall pay the purchase price of each Tendered Bond from the sources specified in the Indenture, to the registered owner thereof by 1:30 p.m., Chicago time, on the purchase date; provided that the Trustee's Agent shall have confirmed that such registered owner has delivered such Tendered Bond (with any necessary endorsements) to the Principal Office of the Trustee's Agent no later than 12:00 Noon, Chicago time, on such date.

In the event that sufficient monies are on deposit with the Trustee to pay the applicable purchase price of any Tendered Bond, such Tendered Bond will be deemed to have been purchased whether or not delivered by the registered owner thereof on the date such Tendered Bond is to be purchased. In the event any such purchased Tendered Bond is not so delivered, the City will execute and the Trustee will authenticate and deliver a replacement Bond of like date, Maturity Date and denomination as the Tendered Bond and bearing a number not contemporaneously outstanding.

Purchase Price of Bank Bonds. The purchase price of remarketed Bank Bonds shall be one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, at the Bank Variable Rate through the Bond Sale Date.

No Remarketing After Certain Defaults. Unless consented to in writing by the City, the Remarketing Agent and the Bank, (a) if during the period a Letter of Credit is required pursuant to the Indenture, there is no Letter of Credit in effect, there shall be no remarketing of Tendered Bonds, and (b) if there shall have occurred and be continuing an Event of Default under the Indenture of which an authorized officer in the principal office of the Remarketing Agent or an authorized officer in the principal corporate trust office of the Trustee has actual knowledge.

Conversion To An Adjustable Long Mode Or Short Mode. The City may designate a different Interest Mode with respect to any Bond during a Flexible Mode or one (1) or more Adjustable Long Modes on any Rate Change Date, and during a Daily Mode or a Weekly Mode on any Business Day, upon compliance with the Indenture.

In the event that the Remarketing Agent does not determine the interest rate applicable to the initial Rate Period during a new Interest Mode with respect to any Bond or if any relevant opinion required is not delivered, the immediately succeeding Interest Mode with respect to the Bonds in the Interest Mode then ending shall be determined as provided in the Indenture.

Designation Of Substitute Adjustment Date. The City may designate a Substitute Adjustment Date (i) for any Bank Bonds (provided that such Bank Bonds shall continue to bear interest at the Bank Rate as long as they remain Bank Bonds), with Bank Approval, on any Business Day, and (ii) for any Bonds in an Adjustable Long Mode, on any Business Day on which such Bonds can be optionally redeemed at a price of par plus accrued interest as set forth in the Indenture. The Substitute Adjustment Date shall be the next succeeding Adjustment Date for such Bonds for all purposes of the Indenture.

Fixed Rate Conversion. On any Rate Change Date during a Flexible Mode or an Adjustable Long Mode, or on any Business Day during a Daily Mode or a Weekly Mode, the interest rate to be borne by all or any portion of the Bonds in such Interest Mode shall be converted to a Fixed Rate, and such Bonds so converted shall thereafter bear interest at such Fixed Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of the Indenture.

If the conversion of the interest rate of any Bond does not occur for any reason, including in the event that any condition precedent to the Fixed Rate Conversion shall not occur, such Bonds shall bear interest from and after the proposed Fixed Rate Conversion Date as provided in the Indenture.

Effect Of Notices. Any notice mailed as provided herein shall be conclusively presumed to have been given, whether or not the registered owner of Bonds receives the notice.

Redemption. The Bonds shall be subject to redemption prior to their Maturity Date in the amounts, at the times and in the manner provided below.

(a) Optional Redemption.

(i) Bonds in a Daily Mode or a Weekly Mode shall be subject to redemption prior to their Maturity Date at the option of the City, from Eligible Monies, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day during such Daily Mode or Weekly Mode, as applicable, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) Bonds in an Adjustable Long Mode shall be subject to redemption prior to their Maturity Date, during each Rate Period therein, at the option of the City, from Eligible Monies, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day after the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of Bonds called for redemption) plus accrued interest, if any, to the redemption date:

Length Of Rate Period	No-Call Period	Redemption Period
greater than twelve (12) years	ten (10) years from the Rate Change Date	one hundred two percent, (102%) declining one percent (1%) per twelve (12) months to one hundred percent (100%)
less than or equal to twelve (12) years and greater than four (4) years	until two (2) years prior to end of Rate Period	one hundred percent (100%)
less than or equal to four (4) years	length of Rate Period	not subject to optional redemption

The City may deliver to the Trustee an alternative redemption schedule to the schedule shown above, if the City delivers to the Bank and the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of

redemption will not adversely affect the validity and enforceability of the Bonds in accordance with their terms, and will not have an adverse effect on any exclusion from gross income of the interest thereon for Federal income tax purposes. After the first (1st) Rate Change Date succeeding the delivery of such alternative schedule and Opinion of Bond Counsel, Bonds in an Adjustable Long Mode shall be subject to redemption pursuant to the terms of such alternative schedule.

(iii) Bonds in the Fixed Mode shall be subject to redemption prior to their Maturity Date at the option of the City, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day after the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of the Bond called for redemption) plus accrued interest, if any, to the redemption date:

Term Of Maturity	No-Call Period	Redemption Period
greater than twelve (12) years	ten (10) years from the Fixed Rate Conversion Date	one hundred two percent, (102%) declining one percent (1%) per twelve (12) months to one hundred percent (100%)
less than or equal to twelve (12) years and greater than four (4) years	until two (2) years prior to the Maturity Date	one hundred percent (100%)
less than or equal to four (4)	term to the Maturity Date	not subject to optional redemption

The City may deliver to the Trustee an alternative redemption schedule to the schedule shown above, if the City delivers to the Bank and the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the Bonds in accordance with their terms, and will not have an adverse effect on any exclusion from gross income of the interest thereon for Federal income tax purposes. Bonds which commence bearing interest at a Fixed Rate on or after the delivery of such alternative schedule and Opinion of Bond Counsel shall be subject to redemption in accordance with the provisions of such alternative schedule.

(iv) Bonds bearing interest at a Flexible Rate or an Adjustable Long Rate shall be subject to optional redemption prior to their Maturity Date at the option of the City, from Eligible Monies, in whole or in part (and, if in part, in an Authorized Denomination) on any Rate Change Date therefor, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the redemption date.

(b) Optional Redemption Of Bank Bonds. Bank Bonds shall be subject to redemption prior to their Maturity Date at the option of the City, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the redemption date.

(c) Extraordinary Redemption Of Bank Bonds. Bank Bonds shall be subject to mandatory redemption on the dates and in the amounts specified in Section 3.1 of the Credit Agreement. Such redemption shall be at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium. Bank Bonds shall be redeemed pursuant to the provisions of this paragraph without any notice from or direction by the City.

General Provisions Regarding Redemptions. (i) No redemption of less than all of the Bonds outstanding shall be made pursuant to (a) or (b) above unless (i) if such redemption is of Bonds bearing interest at a Short Rate or an Adjustable Long Rate, the aggregate principal amount of Bonds to be redeemed is equal to One Hundred Thousand Dollars ($100,000) or integral multiples thereof, and (ii) if such redemption is with respect to Bonds bearing interest at a Fixed Rate, the aggregate principal amount of Bonds to be redeemed is equal to One Hundred Thousand Dollars ($100,000) or Five Thousand Dollar ($5,000) multiples in excess thereof. Any redemption of less than all of the Bonds outstanding shall be made in such a manner that all Bonds outstanding after such redemption are in Authorized Denominations.

(ii) Bonds may be called for redemption by the Trustee pursuant to (a) above (A) in the case of Bonds bearing interest at a Short Rate, upon receipt by the Trustee at least thirty-five (35) days prior to the redemption date of a written request of the City requesting such redemption, or (B) in the case of Bonds bearing interest at an Adjustable Long Rate or a Fixed Rate, upon receipt by the Trustee at least forty-five (45) days prior to the redemption date of a written request of the City requesting such redemption.

(iii) Bonds may be called for redemption by the Trustee pursuant to (b) above upon receipt by the Trustee at least one (1) Business Day prior to the redemption date of a written request of the City requesting such redemption. The Trustee or the Trustee's Agent shall give notice to the Bank one (1) Business Day prior to any

redemption of Bank Bonds pursuant to (b) or (c) above.

Notice Of Redemption. Except as otherwise provided with respect to Bank Bonds in the Indenture, notice of the call for any redemption identifying the Bonds to be redeemed shall be given by first class mail, postage prepaid, with respect to Bonds bearing interest at a Short Rate, not less than thirty (30) or more than forty-five (45) days prior to the date fixed for redemption, and shall be given by first class mail, postage prepaid, with respect to Bonds bearing interest at an Adjustable Long Rate or a Fixed Rate, not less than thirty (30) or more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Bonds to be redeemed at their addresses as shown on the Bond Register. Failure to give notice in the manner prescribed with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient monies are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be outstanding under the provisions of the Indenture.

Selection Of Bonds To Be Redeemed. If less than all the Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the City and designated to the Trustee; provided, however, that (i) in the case of the redemption of less than all Bonds which bear interest in the same Interest Mode at the same rates for the same Rate Periods and which in the case of Bonds bearing interest at a Fixed Rate were converted on the same date, such redemption shall be by lot in such manner as the Trustee may determine among such Bonds, (ii) in the case of the redemption of less than all Bonds which bear interest at the same rates for the same Rate Periods, such redemption shall be by lot in such manner as the Trustee may determine among such Bonds, and (iii) subject to other applicable provisions of the Indenture, the portion of any Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. Any redemption of less than all of the Bonds outstanding shall be made first (1st) from Bank Bonds.

Letter Of Credit. The City covenants and agrees that at all times while any Bonds are outstanding which bear interest at a rate other than the Fixed Rate, the City will maintain a Letter of Credit in full force and effect with respect to all Bonds bearing interest at other than a Fixed Rate except as otherwise provided in the Indenture.

Letter Of Credit Not Required In Certain Circumstances. Prior to the Fixed Rate Conversion Date therefor, under the circumstances provided in the Indenture, the Bonds are not required to have the benefit of a Letter of Credit. Bonds bearing interest at a Fixed Rate shall not be required to have the benefit of a Letter of Credit after the Fixed Rate Conversion Date applicable to such Bonds. In the event of a

Letter of Credit Cancellation Date, the Bonds shall be subject to mandatory tender pursuant to the Indenture.

Limited Obligation. The Bonds are issued pursuant to an ordinance adopted by the City Council of the City, which ordinance authorizes the execution and delivery of the Indenture. The Bonds are limited obligations of the City payable solely from the Trust Estate pledged therefor under the Indenture, monies paid under the Letter of Credit and other monies legally available therefor.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee or agent, or member of the City Council, of the City, or any successor to the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, employee or agent, or member of the City Council, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

Registration. This Bond is transferable by the registered owner hereof in person or by such registered owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture.

Defeasance. Provision for payment of all or any portion of the Bonds may be made, and the Indenture may be discharged, prior to payment of the Bonds in the manner provided in the Indenture.

Miscellaneous. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Assignment.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

Ten. Com. -- as tenants in common

Ten. Ent. -- as tenants by the entireties

Jt. Ten. -- as joint tenants with right of survivorship and not as tenants in common

Unif. Gift Min. Act _____ Custodian _____
(Cust.) (Minor)

under Uniform Gifts to Minors Act

_____
(State)

Additional abbreviations may also be used, though not in the above list.

For Value Received, The undersigned hereby sells, assigns and transfers unto

_____
(Name and Address of Assignee)

this Bond of the City of Chicago and does hereby irrevocably constitute and appoint _____ to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature Guaranteed: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

Notice Of Rate Period.

Rate Change Date on which Current Rate Period Commences:

Next Rate Change Date:

Applicable Interest Rate during Current Rate Period:

Applicable Optional Redemption Provisions during Current Rate Period (if Adjustable Long Mode):

[Name of Trustee], as Trustee

By: _____
Authorized Signatory

STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, SUSANA A. MENDOZA, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office Authorizing Issuance of City of Chicago General Obligation Bonds, Series 2012 and Amendments to Commercial Paper Program.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on fourteenth (14th) day of March, 2012.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit:

Yeas 47 Nays 0

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor did approve and sign said ordinance on the sixteenth (16th) day of March, 2012.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this fourth (4th) day of February, 2013.

[T.P.]

Susana A. Mendoza

SUSANA A. MENDOZA, City Clerk

The following is said ordinance as passed:

WHEREAS, the City of Chicago (the *"City"*) is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the Illinois Constitution of 1970; and

WHEREAS, the City has heretofore authorized the issuance of its general obligation bonds and notes and has established a commercial paper program authorizing the issuance of its general obligation commercial paper from time to time; and

WHEREAS, the City's general obligation bonds and notes currently outstanding and its general obligation commercial paper currently or hereafter outstanding from time to time (collectively, the *"Outstanding Indebtedness"*) mature and are subject to optional and mandatory redemption as provided in the respective proceedings authorizing the Outstanding Indebtedness; and

WHEREAS, the City has heretofore entered into agreements of the type described in Section 14 hereof which are in existence as of the date of adoption of this Ordinance (the *"Existing Interest Rate Exchange Agreements"*); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to authorize (i) refunding all or a portion of the Outstanding Indebtedness and (ii) terminating, amending or otherwise modifying all or any portion of the Existing Interest Rate Exchange Agreements and paying any settlement, breakage or termination amounts that may be due and owing in connection therewith, in order to achieve debt service savings for the City, restructure debt service of the Outstanding Indebtedness or reduce, limit or manage the City's exposure to interest rate risk (collectively, the *"Refunding Purposes"*); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to finance (i) public right-of-way infrastructure improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacement, and curb and gutter repairs and replacement; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; (iii) transportation improvements (to City property and facilities and to property and facilities

located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) grants or loans to assist not-for-profit organizations or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State of Illinois or the United States of America; (v) cash flow needs of the City; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; (vii) the duly authorized acquisition of improved and unimproved real property within the City for municipal, industrial, commercial or residential purposes, or any combination thereof, and the improvement, demolition and/or remediation of any such property; (viii) constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; (ix) the enhancement of economic development within the City by making direct grants or loans to, or deposits to funds or accounts to secure the obligations of, not-for-profit or for-profit organizations doing business or seeking to do business in the City; (x) the funding of (A) judgments entered against the City, (B) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation or arbitration and (C) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes; (xi) the payment of certain contributions (the *"Pension Contributions"*) to the Policemen's Annuity and Benefit Fund, the Firemen's Annuity and Benefit Fund, the Municipal Employees', Officers' and Officials' Annuity and Benefit Fund and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund (collectively, the *"Pension Funds"*); (xii) the provision of facilities, services and equipment to protect and enhance public safety, including, but not limited to, increased costs for police and fire protection services, emergency medical services, staffing at the City's emergency call center and other City facilities, and enhanced security measures at airports and other major City facilities; and (xiii) acquiring motor vehicles for a term of years or lease period (the purposes described in clauses (i) through (xiii) above being referred to herein as the *"Project"*); and

WHEREAS, the cost of the Refunding Purposes and the Project is estimated to be not less than $900,000,000 and the City expects to pay a portion of such costs by borrowing money and issuing its general obligation bonds in one or more series and at one or more times in the aggregate principal amount of not to exceed $900,000,000 (plus the amount of any original issue discount as herein provided); and

WHEREAS, the City has determined that it is advisable and necessary to authorize the borrowing of the sum necessary at this time for any or all of the purposes of (i) paying costs of the Refunding Purposes, (ii) paying costs of the Project, including capitalizing or funding such interest on the bonds herein authorized for said purpose as may be necessary, (iii) capitalizing or funding interest on Outstanding Indebtedness and (iv) paying the expenses of issuing the bonds herein authorized for the purposes described herein, and in evidence thereof to authorize the issuance of its General Obligation Bonds (the *"Bonds"*), in one or more series and at one or

more times as herein provided, such borrowing being for a proper public purpose and in the public interest, and the City, by virtue of its constitutional home rule powers and all laws applicable thereto, has the power to issue such Bonds; and

WHEREAS, the Bonds may include one or more series of bonds the interest on which is, as designated by series, either includible or excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, the City has authorized the issuance of certain bonds, notes and commercial paper of the City secured by and payable from a specified revenue source, including, without limitation, airport revenues, sales tax revenues, motor fuel tax revenues, water system revenues and sewer system revenues (such bonds and notes being hereinafter referred to as "*Revenue Bonds and Notes*" and such commercial paper being hereinafter referred to as "*Revenue Commercial Paper*"); and

WHEREAS, the City has determined that it is necessary to provide for various restructuring amendments (i) to the Outstanding Indebtedness, (ii) to the Revenue Bonds and Notes currently outstanding and the Revenue Commercial Paper currently or hereafter outstanding from time to time (collectively, the "*Outstanding Revenue Indebtedness*") and (iii) to the extent issued and outstanding from time to time in the future, the Bonds; and

WHEREAS, the City has determined that it is necessary to amend certain sections of the ordinance adopted by the City Council of the City of Chicago on May 1, 2002 (the "2002 Ordinance"), which authorized the issuance of Commercial Paper Notes Series A and Series B in an amount not to exceed $200,000,000 and pursuant to which the City proposed to establish a commercial paper program, an auction rate securities program, a variable rate securities program and a line of credit program (collectively, the "Borrowing Plan"); and

WHEREAS, the Borrowing Plan authorizes the issuance of one or more series of Authorized Debt (as defined in the 2002 Ordinance) for (i) the payment, or reimbursement of the City for the payment, of the cost of all or any portion of any capital project approved by City Council, (ii) cash flow needs of the City, (iii) the deposit of monies into funds and accounts as are provided for in any indenture entered into under the Borrowing Plan, and (iv) the payment of costs of issuance incurred in connection with each series of Authorized Debt; and

WHEREAS, the City desires to amend the 2002 Ordinance in order to, among other things, (i) increase the maximum aggregate principal amount of Authorized Debt to be outstanding under the 2002 Ordinance from $200,000,000 to $500,000,000 and (ii) further delegate authority and establish the borrowing parameters for the line of credit program; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

Section 1. The City Council of the City (the "*City Council*"), after a public meeting heretofore held on this Ordinance by the Committee on Finance of the City Council, pursuant to

proper notice and in accordance with the findings and recommendations of such Committee, hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

Section 2. There shall be borrowed on the credit of and for and on behalf of the City in one or more series and at one or more times the sum of not to exceed $900,000,000 plus an amount equal to the amount of any net original issue discount used in the marketing of the Bonds (not to exceed 10 percent of the principal amount of each series thereof) for the purposes aforesaid; and the Bonds shall be issued from time to time in said aggregate principal amount, or such lesser amount, as may be determined by the City's Chief Financial Officer or the City Comptroller (each such officer being hereinafter referred to as an "*Authorized Officer*").

All or any portion of the Bonds may be issued as Bonds payable in one payment on a fixed date ("*Capital Appreciation Bonds*"). Each series of Capital Appreciation Bonds shall be dated the date of issuance thereof and shall also bear the date of authentication, shall be in fully registered form, shall be numbered as determined by the applicable Bond Registrar (as hereinafter defined), and shall be in denominations equal to the original principal amounts of such Capital Appreciation Bonds or any integral multiple thereof, each such original principal amount representing Compound Accreted Value (as hereinafter defined) at maturity (the "*Maturity Amount*") of such minimum amounts and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Capital Appreciation Bonds (but no single Bond shall represent Compound Accreted Value maturing on more than one date). As used herein, the "*Compound Accreted Value*" of a Capital Appreciation Bond on any date of determination shall be an amount equal to the original principal amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semiannual compounding rate which is necessary to produce the yield to maturity borne by such Capital Appreciation Bond (the "*Yield to Maturity*").

All or any portion of the Bonds may be issued as Bonds bearing interest at fixed rates and paying interest semiannually as described below (the "*Current Interest Bonds*"). Each series of Current Interest Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds, shall be in fully registered form, shall be in such minimum denominations and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds (but no single Current Interest Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar.

The Bonds may be initially issued as Capital Appreciation Bonds containing provisions for the conversion of the Compound Accreted Value of such Bonds into Current Interest Bonds (the "*Convertible Bonds*") at such time following the initial issuance as shall be approved by an Authorized Officer. While in the form of Capital Appreciation Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Capital Appreciation Bonds, and while in the form of Current Interest Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Current Interest Bonds. In particular, when Convertible Bonds are in the form of Capital Appreciation Bonds prior to their conversion to Current Interest Bonds, the transfer, exchange and

replacement provisions of this Ordinance with respect to Capital Appreciation Bonds shall apply to such Convertible Bonds; *provided* that the Convertible Bonds delivered in the form of Capital Appreciation Bonds in connection with any such transfer, exchange or replacement shall have identical provisions for conversion to Current Interest Bonds as set forth in the Convertible Bonds being transferred, exchanged or replaced. In connection with the issuance and sale of any Convertible Bonds, the terms and provisions relating to the conversion of the Compound Accreted Value of such Convertible Bonds into Current Interest Bonds shall be as approved by an Authorized Officer at the time of sale of such Convertible Bonds. Notwithstanding any other provision hereof, any series of Bonds may be issued as Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds or any combination thereof.

All or any portion of the Bonds may be issued as Bonds bearing interest at variable rates established by reference to such indices or otherwise and adjustable and payable from time to time as shall be determined by an Authorized Officer and as agreed upon by an Authorized Officer and the purchaser of the Bonds (the "*Variable Rate Bonds*"). Each series of Variable Rate Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Bonds, shall be in fully registered form, shall be in such denominations as shall be agreed upon by an Authorized Officer and the purchasers of the Bonds (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar. Each series of Variable Rate Bonds may be issued pursuant to, and have such terms and provisions as are set forth in, a trust indenture between the City and a bank or trust company selected by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into one or more such trust indentures on behalf of the City. Each such trust indenture shall be in substantially the form of trust indentures previously entered into by the City in connection with the sale of general obligation bonds or notes bearing interest at variable rates, but with such revisions in text as the Mayor or the Authorized Officer executing the same shall determine are necessary or desirable, including such revisions as shall be necessary to incorporate provisions relating to the manner of establishing the interest rate and the payment of interest from time to time on the Variable Rate Bonds, the execution thereof, and any amendment thereto, by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions.

All or any portion of the Bonds may be issued and sold from time to time on a retail basis to individual investors (the "*Retail Bonds*") or as a direct purchase to holders (the "*Direct Purchase Bonds*"). The Retail Bonds and the Direct Purchase Bonds shall be sold as provided in Section 12 hereof.

The principal of the Bonds of each series shall become due and payable on or before the earlier of (i) January 1, 2054, or (ii) 40 years after the date of issuance thereof. Each series of Current Interest Bonds shall bear interest at a rate or rates and each series of Capital Appreciation Bonds shall have Yields to Maturity not to exceed 15 percent per annum. Each series of Variable Rate Bonds shall bear interest from time to time at such rates determined by such remarketing or other indexing agent as shall be selected by an Authorized Officer for that purpose or as provided in the related trust indenture referred to above not to exceed 15 percent per annum. Any portion of the Bonds may be issued as bonds the interest on which is not

excludable from the gross income of the owner thereof for federal income tax purposes if determined by an Authorized Officer to be beneficial to the City.

Each Capital Appreciation Bond shall accrue interest from its date at the rate per annum compounded semiannually on each January 1 and July 1, commencing on such January 1 or July 1 as determined by an Authorized Officer at the time of sale of such Capital Appreciation Bonds, which will produce the Yield to Maturity identified therein until the maturity date thereof. Interest on the Capital Appreciation Bonds shall be payable only at the respective maturity dates thereof.

Each Current Interest Bond shall bear interest from the later of its date or the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid, such interest (computed upon the basis of a 360-day period of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing on such January 1 or July 1 as shall be determined by an Authorized Officer at the time of the sale of each series of Current Interest Bonds. Interest on each Current Interest Bond shall be paid to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date, by check or draft of the applicable Bond Registrar, or, at the option of any registered owner of $1,000,000 or more in aggregate principal amount of Current Interest Bonds of a series, by wire transfer of immediately available funds to such bank in the continental United States of America as the registered owner of such Bonds shall request in writing to the applicable Bond Registrar.

Each series of Variable Rate Bonds shall bear interest (computed from time to time at such rates and on such basis as shall be determined by an Authorized Officer or at the time of sale of such series of Variable Rate Bonds) payable on such dates as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. Any Variable Rate Bonds may be made subject to optional or mandatory tender for purchase by the owners thereof at such times and at such prices (not to exceed 105 percent of the principal amount thereof) as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. In connection with the remarketing of any Variable Rate Bonds of a series so tendered for purchase under the terms and conditions so specified by an Authorized Officer, the Mayor and each Authorized Officer are hereby authorized to execute on behalf of the City a remarketing agreement, and any amendment thereto, with respect to such series of Variable Rate Bonds in substantially the form previously used for variable rate financings of the City with appropriate revisions to reflect the terms and provisions of such Bonds sold as Variable Rate Bonds and such other revisions in text as an Authorized Officer shall determine are necessary or desirable in connection with the sale of such Bonds as Variable Rate Bonds. The annual fee paid to any remarketing agent serving in such capacity pursuant to any such remarketing agreement with respect to a series of Variable Rate Bonds shall not exceed one-quarter of one percent (0.25%) of the average principal amount of such Variable Rate Bonds of such series outstanding during such annual period.

The Compound Accreted Value of the Capital Appreciation Bonds, the principal of the Current Interest Bonds and the Variable Rate Bonds and any redemption premium shall be

payable in lawful money of the United States of America upon presentation and surrender thereof at the designated corporate trust office of the applicable Bond Registrar.

Each of the Bonds shall be designated "General Obligation Bonds, Series ____," with such additions, modifications or revisions as shall be determined to be necessary by an Authorized Officer at the time of the sale of such Bonds to reflect the calendar year of issuance of the Bonds, the order of sale of the Bonds, the specific series of the Bonds, whether the Bonds are being issued on a taxable basis, whether the Bonds are Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds, Variable Rate Bonds, Retail Bonds or Direct Purchase Bonds, whether the Bonds are being issued and sold for the purpose of paying costs of the Refunding Purposes, paying costs of the Project or a combination thereof and any other authorized features of the Bonds determined by an Authorized Officer as desirable to be reflected in the title of the Bonds being issued and sold.

The seal of the City or a facsimile thereof shall be affixed to or printed on each of the Bonds, and the Bonds shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all proposes, the same as if such officer had remained in office until delivery. As used in this Ordinance, *"City Clerk"* shall mean the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to this Ordinance.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the applicable Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the applicable Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the applicable Bond Registrar if signed by an authorized officer of such Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3. (a) *Registration and Transfer.* The City shall cause books (the *"Bond Register"*) for the registration and for the transfer of each series of Bonds as provided in this Ordinance to be kept at the designated corporate trust office of a bank or trust company designated by an Authorized Officer (the *"Bond Registrar"*), as the registrar for the City in connection with such series of Bonds. The City is authorized to prepare multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated corporate trust office of the applicable Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to such Bond Registrar and duly executed by the

registered owner or its attorney duly authorized in writing, the City shall execute and such Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees (a) in the case of any Capital Appreciation Bond, a new fully registered Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of authorized denominations, for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations, or (b) in the case of any other Bonds, one or more fully registered Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate (or in the case of Variable Rate Bonds, method of interest rate determination) and maturity of authorized denominations, for a like principal amount. Any Capital Appreciation Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations. Any other Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate principal amount of Bonds of the same series, type, interest rate and maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the applicable Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided* that (a) the aggregate original principal amount of outstanding Capital Appreciation Bonds of each series, maturity and yield to maturity authenticated by the applicable Bond Registrar shall not exceed the authorized aggregate original principal amount of Capital Appreciation Bonds of such series and maturity less previous retirements and (b) the principal amount of Current Interest Bonds or Variable Rate Bonds of each series, maturity and interest rate (or interest rate determination method) authenticated by the applicable Bond Registrar shall not exceed the authorized principal amount of Current Interest Bonds or Variable Rate Bonds for such series, maturity and interest rate (or interest rate determination method) less previous retirements.

The applicable Bond Registrar shall not be required to transfer or exchange (a) any Bond after notice calling such Bond for redemption has been mailed, or (b) any Bond during a period of 15 days next preceding mailing of a notice of redemption of such Bond; *provided, however,* that provisions relating to the transfer or exchange of Variable Rate Bonds of a series shall be as determined by an Authorized Officer at the time of the sale thereof and may be set forth in the trust indenture securing such series of Variable Rate Bonds as authorized in Section 2 hereof.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the Compound Accreted Value of, principal of, redemption premium, if any, or interest on any Bond, as appropriate, shall be made only to or upon the order of the registered owner thereof or its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the applicable Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except that no such payment may be required in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Book-Entry Only System.* If so determined and directed by an Authorized Officer in connection with the sale of any of the Bonds, such Bonds may be issued in book-entry only form. In connection with the issuance of Bonds in book-entry only form, an Authorized Officer is authorized to execute and deliver to the book-entry depository selected by such Authorized Officer such depository's standard form of representation letter. If any of the Bonds are registered in the name of a securities depository which uses a book-entry system, the standing of the beneficial owner to enforce any of the covenants herein may be established through the books and records of such securities depository or a participant therein.

(c) *Bonds Lost, Destroyed, etc.* If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the applicable Bond Registrar may authenticate a new Bond of like series, date, maturity date, interest rate (or, in the case of Capital Appreciation Bonds, yield to maturity, and in the case of Variable Rate Bonds, method of interest rate determination), denomination and original principal amount (in the case of Capital Appreciation Bonds) or principal amount (in the case of other Bonds) and bearing a number not contemporaneously outstanding; *provided* that (i) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the applicable Bond Registrar, and (ii) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the applicable Bond Registrar evidence of such loss or destruction, together with indemnification of the City and such Bond Registrar, satisfactory to such Bond Registrar. If any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond, the applicable Bond Registrar shall pay the same without surrender thereof if there shall be first furnished to such Bond Registrar evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the applicable Bond Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(d) *Redemption and Repurchase.* The Bonds may be made subject to redemption prior to maturity at the option of the City, in whole or in part on any date, at such times and at such redemption prices (to be expressed as a percentage of the principal amount of Current Interest Bonds or Variable Rate Bonds being redeemed or as a formula as described below and expressed as a percentage of the Compound Accreted Value of Capital Appreciation Bonds to be redeemed or as a formula as described below) not to exceed 105 percent, plus, in the case of Current Interest Bonds and Variable Rate Bonds, accrued interest to the date of redemption, as determined by an Authorized Officer at the time of the sale thereof.

Notwithstanding the foregoing, such 105 percent limitation on the redemption price of Bonds shall not apply where the redemption price is based upon a formula designed to compensate the owner of the Bonds to be redeemed based upon prevailing market conditions on the date fixed for redemption, commonly known as a "make-whole" redemption price (the "*Make-Whole Redemption Price*"). At the time of sale of the Bonds, an Authorized Officer shall determine the provisions of the formula to be used to establish any Make-Whole Redemption Price, which may vary depending on whether the Bonds are issued on a taxable or tax-exempt basis. An Authorized Officer shall confirm and transmit the applicable Make-Whole Redemption Price on such dates and to such parties as shall be necessary to effectuate such redemption.

If fewer than all of the outstanding Bonds of a series are to be optionally redeemed, the Bonds to be called shall be called from such maturities and interest rates of such series as may be determined by an Authorized Officer.

Certain of the Bonds of a series may be made subject to mandatory redemption, at par and accrued interest to the date fixed for redemption, as determined by an Authorized Officer at the time of the sale thereof. Further, an Authorized Officer is hereby authorized to sell (at a price determined by such Authorized Officer to be in the best interests of the City) or waive any right the City may have to call any of the Bonds or Outstanding Indebtedness for optional redemption, in whole or in part, and is hereby further authorized to expend the proceeds of any such sales for any purpose for which the proceeds of the Bonds are authorized to be expended and for the payment or prepayment of any City debt obligations, all as determined by an Authorized Officer; *provided however,* to the extent that interest on such Bonds or Outstanding Indebtedness is excluded from gross income for federal income tax purposes, such expenditures shall not adversely affect such exclusion. If determined to be necessary or appropriate, an Authorized Officer is authorized to solicit the consent of holders of outstanding Bonds or Outstanding Indebtedness to any such sale or waiver.

Retail Bonds may be made subject to repurchase by the City upon the demand of certain holders thereof at a price of not to exceed 105 percent of par, as more fully described in Section 12 hereof.

At the time of sale of Bonds of a series, an Authorized Officer is authorized to determine the manner of redeeming such Bonds, either by lot in the manner hereinafter provided or pro-rata in the manner determined by an Authorized Officer at the time of sale, in the event less than all of the Bonds of the same series, maturity and interest rate are to be redeemed.

The Current Interest Bonds shall be redeemed only in amounts equal to the respective minimum authorized denominations and integral multiples thereof and the Capital Appreciation Bonds shall be redeemed only in amounts representing the respective minimum authorized Maturity Amounts and integral multiples thereof. In the event of the redemption of fewer than all the Bonds of the same series, maturity and interest rate by lot, the aggregate principal amount or Maturity Amount (as appropriate) thereof to be redeemed shall be the minimum authorized denomination or Maturity Amount (as appropriate) for such series or an integral multiple thereof, and the applicable Bond Registrar shall assign to each Bond of such series, maturity and interest rate, a distinctive number for each minimum authorized denomination or Maturity Amount (as appropriate) of such Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum authorized denomination or Maturity Amount (as appropriate) for each number, shall equal the principal amount or Maturity Amount (as appropriate) of such Bonds to be redeemed. In such case, the Bonds to be redeemed shall be those to which were assigned numbers so selected; *provided* that only so much of the principal amount or Maturity Amount (as appropriate) of each Bond shall be redeemed as shall equal such minimum authorized denomination or Maturity Amount (as appropriate) for each number assigned to it and so selected. In the event of the redemption of fewer than all Bonds of the same series, maturity and interest rate on a pro-rata basis, if the Bonds are held in book-entry form at the time of redemption, at the time of sale of the Bonds, an Authorized Officer is

authorized to direct the Bond Registrar to instruct the book-entry depository to select the specific Bonds within such maturity and interest rate for redemption pro-rata among such Bonds. The City shall have no responsibility or obligation to ensure that the book-entry depository properly selects such Bonds for redemption.

The City shall, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the applicable Bond Registrar), notify the applicable Bond Registrar of such redemption date and of the principal amount or Maturity Amount (as appropriate) of Bonds of such series to be redeemed.

In connection with any mandatory redemption of Bonds of a series as authorized above, the principal amounts of Bonds (or the Compound Accreted Value of the Capital Appreciation Bonds) of such series to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds of such series credited against future mandatory redemption requirements in such order of the mandatory redemption dates as an Authorized Officer may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date of Bonds of a series, the applicable Bond Registrar may, and if directed by an Authorized Officer shall, purchase Bonds of such series required to be retired on such mandatory redemption date at such prices as an Authorized Officer shall determine. Any such Bonds so purchased shall be cancelled and the principal amount (or Compound Accreted Value, as appropriate) thereof shall be credited against the payment required on such next mandatory redemption date with respect to such series of Bonds.

The applicable Bond Registrar shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount, Compound Accreted Value or Maturity Amount (as appropriate) thereof, and the interest rate thereof to be redeemed.

Subject to the limitation on redemption price set forth above, in the case of redemption of any Variable Rate Bonds, the terms of such redemption shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

Section 4. Except as may otherwise be determined as provided below for Variable Rate Bonds, unless waived by any owner of Bonds to be redeemed, notice of the call for any such redemption shall be given by the applicable Bond Registrar on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the applicable Bond Register or at such other address as is furnished in writing by such registered owner to such Bond Registrar, but the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. Any notice of redemption mailed as provided in this Section shall be conclusively presumed to have been given whether or not actually received by the addressee. In the case of redemption of any Variable Rate Bonds of a series, the time and manner of giving such notice shall be determined by an Authorized Officer at the time of sale of

such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

All notices of redemption shall state:

(1) the series designation of the Bonds to be redeemed,

(2) the redemption date,

(3) the redemption price, or in the case of a redemption of Bonds at a Make-Whole Redemption Price, a description of the formula by which the redemption price shall be determined,

(4) if less than all outstanding Bonds of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates, Compound Accreted Values or Maturity Amounts) of the Bonds to be redeemed,

(5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date,

(6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the applicable Bond Registrar, and

(7) such other information as shall be deemed necessary by the applicable Bond Registrar at the time such notice is given to comply with law, regulation or industry standard.

With respect to an optional redemption of any series of Bonds, such notice may state that said redemption is conditioned upon the receipt by the applicable Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds of such series. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Bonds and the applicable Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for a series of Bonds, the City shall deposit with the applicable Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions thereof of such series which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price or unless, in the event of a conditional notice as described above, the

necessary moneys were not deposited) such Bonds, or portions thereof, shall cease to bear, accrue or compound interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the applicable Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption (i) of any Current Interest Bond or Variable Rate Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate or, in the case of Variable Rate Bonds, method of interest rate determination, and maturity in the amount of the unpaid principal or (ii) of any Capital Appreciation Bond, there shall be prepared for the registered owner a new Capital Appreciation Bond or Bonds of the same series, Yield to Maturity and maturity date in the amount of the unpaid Maturity Amount.

If any Current Interest Bond or Variable Rate Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption. If any Capital Appreciation Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the Compound Accreted Value at such redemption date shall continue to accrue interest from such redemption date at the Yield to Maturity borne by such Capital Appreciation Bond, or portion thereof, so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the applicable Bond Registrar and shall not be reissued.

If any Bond is not presented for payment when the principal amount, Compound Accreted Value or Maturity Amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Bond are held by the applicable Bond Registrar for the benefit of the registered owner of such Bond, such Bond Registrar shall hold such moneys for the benefit of the registered owner of such Bond without liability to the registered owner for interest. The registered owner of such Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Bond.

Section 5. The Capital Appreciation Bonds and the Current Interest Bonds of each series shall be prepared in substantially the following forms with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Bonds of such series pursuant to Section 12 hereof; *provided* that if the text of any Bond is to be printed in its entirety on the front side of such Bond, then the text shown or appearing on the reverse side of such Bond shall replace paragraph [2] and the legend, "See Reverse Side for Additional Provisions," shall be omitted. The Convertible Bonds shall be prepared incorporating the provisions of the forms of Capital Appreciation Bonds and Current Interest Bonds set forth below as necessary to reflect the terms and provisions of the sale of the Convertible Bonds pursuant to Section 12 hereof. The Variable Rate Bonds shall be prepared in substantially the form of the Current Interest Bonds set forth below, or as provided in the applicable trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof, with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Variable Rate Bonds pursuant to Section 12 hereof

All Bonds may be prepared with such insertions and revisions as shall be necessary in connection with the issuance of such Bonds as Retail Bonds or Direct Purchase Bonds.

[Form of Capital Appreciation Bond — Front Side]

REGISTERED
NO. _____

$_____
Compound Accreted
Value at Maturity
("*Maturity Amount*")

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND
SERIES ____

See Reverse Side for Additional Provisions

MATURITY	YIELD TO MATURITY	ORIGINAL PRINCIPAL AMOUNT PER $_____,000 MATURITY AMOUNT:	DATED DATE	CUSIP
_____, 20__	_____%	$_____	_____, 20__	

Registered Owner:

The City of Chicago (the "*City*") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Maturity Amount identified above. The amount of interest payable on this Bond on the Maturity Date hereof is the amount of interest accrued from the Dated Date hereof at a semiannual compounding rate necessary to produce the Yield to Maturity set forth above, compounded semiannually on each January 1 and July 1, commencing _____ 1, 20__. The Maturity Amount of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office of _____, Chicago, Illinois, or its successor, as bond registrar and paying agent (the "*Bond Registrar*"). The Compound Accreted Value of this Bond per $_____,000 Maturity Amount on January 1 and July 1 of each year, commencing _____ 1, 20__, determined by the semiannual compounding described in this paragraph shall be as set forth in the Table of Compound Accreted Value Per $_____,000 of Compound Accreted Value at Maturity contained herein.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the Maturity Amount hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

_____ (Facsimile Signature)
Mayor
City of Chicago

Attest:

_____ (Facsimile Signature)
City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, ____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series ____, of the City of Chicago.

_____ (Manual Signature)
Authorized Officer

[Form of Capital Appreciation Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES ____

For the prompt payment of the Maturity Amount of this Bond as the same becomes due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the original principal amount of $_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the *"Bond Ordinance"*).

The Bonds maturing on or after January 1, ____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, ____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities as shall be determined by the City, and if less than all of the Bonds of the same maturity and yield to maturity are to be redeemed, then [by lot] [pro-rata] for the Bonds of the same maturity and yield to maturity in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the Compound Accreted Value of the Bonds to be redeemed) set forth below:

DATES OF REDEMPTION	REDEMPTION PRICE

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the aggregate Maturity Amount thereof to be redeemed shall be $_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and yield to maturity a distinctive number for each $_____,000 Maturity Amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at $_____,000 for each number, shall equal the Maturity Amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided* that only so much of the Maturity Amount of each Bond shall be redeemed as shall equal $_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not fewer than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to accrue interest on the specified redemption date; *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same maturity and yield to maturity and for the same aggregate Original Principal Amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in Original Principal Amounts representing $_____,000 Maturity Amount or any integral multiple thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate Original Principal Amount of Bonds of the same series and maturity, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the Maturity Amount hereof and redemption premium, if any, hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

* * *

TABLE OF COMPOUND ACCRETED VALUE
PER $_____,000 OF COMPOUND ACCRETED VALUE AT MATURITY

* * *

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

_____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

[Form of Current Interest Bond — Front Side]

REGISTERED
NO. _____ $_____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND
SERIES ____

See Reverse Side for Additional Provisions

Interest Rate: ____%	Maturity Date: January 1, 20__	Dated Date: _____, 20__	CUSIP: _____

Registered Owner:

Principal Amount:

The City of Chicago (the "*City*") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing _____ 1, 20__, until said Principal Amount is paid. Principal of this Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of _____, Chicago, Illinois, as bond registrar and paying agent (the "*Bond Registrar*"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar or, at the option of any Registered Owner of $1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner hereof shall request in writing to the Bond Registrar.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)
Mayor
City of Chicago

Attest:

(Facsimile Signature)
City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, ____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series ____, of the City of Chicago.

By: (Manual Signature)
Authorized Officer

[Form of Current Interest Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES ____

For the prompt payment of this Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the principal amount of $_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the "*Bond Ordinance*").

The Bonds maturing on or after January 1, ____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, ____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Bonds of a single maturity and the same interest rate are to be redeemed then [by lot] [pro-rata] within such maturity and interest rate in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

DATES OF REDEMPTION	REDEMPTION PRICE

The Bonds maturing on January 1, ____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, and the Bonds maturing on January 1, ____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, in each case at par and accrued interest to the date fixed for redemption.

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be $_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and interest rate a distinctive number for each $_____,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at $_____,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided* that only so much of the principal amount of each Bond shall be redeemed as shall equal $_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all of the Bonds of like maturity and interest rate, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to bear interest on the specified redemption date, *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same interest rate, series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in the denomination of $_____,000 each or authorized integral multiples thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same interest rate, series and maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

_____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. Each Bond shall be a direct and general obligation of the City for the payment of which (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) the City pledges its full faith and credit. Each Bond shall be payable (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the Pledged Taxes (as defined in Section 7 hereof).

Section 7. For the purpose of providing the funds required to pay as the same become due (i) the principal of and interest and redemption premium, if any, on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) the purchase price of Bonds that are subject to optional or mandatory tender for purchase by the owners thereof, to the extent not otherwise provided for pursuant to the terms of a Credit Facility (as defined in Section 12 hereof), (iii) such amounts as may be payable under Interest Rate Exchange Agreements (as defined in Section 14 hereof) from the direct annual tax described below, (iv) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof and (v) to the extent determined by an Authorized Officer to be necessary or desirable, periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Bonds, the Outstanding Indebtedness, the Existing Interest Rate Exchange Agreements or Interest Rate Exchange Agreements, including parties such as those identified by an Authorized Officer in a notification of sale as described in Section 12 hereof and parties providing similar ongoing services, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the Bonds (the "*Ongoing Financing Services*"), there is hereby levied and there shall be collected a direct annual tax upon all taxable property in the City for the years and in the amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
2012	$150,000,000	2033	$150,000,000
2013	150,000,000	2034	150,000,000
2014	150,000,000	2035	150,000,000
2015	150,000,000	2036	150,000,000
2016	150,000,000	2037	150,000,000
2017	150,000,000	2038	150,000,000
2018	150,000,000	2039	150,000,000
2019	150,000,000	2040	150,000,000
2020	150,000,000	2041	150,000,000
2021	150,000,000	2042	150,000,000
2022	150,000,000	2043	150,000,000
2023	150,000,000	2044	150,000,000
2024	150,000,000	2045	150,000,000
2025	150,000,000	2046	150,000,000
2026	150,000,000	2047	150,000,000
2027	150,000,000	2048	150,000,000
2028	150,000,000	2049	150,000,000
2029	150,000,000	2050	150,000,000
2030	150,000,000	2051	150,000,000
2031	150,000,000	2052	150,000,000
2032	150,000,000		

; provided that collections of such levy for any year in an amount in excess of that necessary to make the payments described in clauses (i), (ii), (iii), (iv) and (v) above (a) may be used for any lawful public purpose designated by the City Council or (b) may be reduced and abated by an Authorized Officer if such reduction is deemed desirable by an Authorized Officer in connection with the sale or sales of the Bonds, in each case as determined from time to time by an Authorized Officer as provided in Section 12 hereof.

The tax levy made in this Section is not subject to the *"Aggregate Levy"* limitation contained in the Chicago Property Tax Limitation Ordinance contained in Chapter 3-92 of the Municipal Code of Chicago (the *"Municipal Code"*), and Section 3-92-020 of the Municipal Code is hereby superseded to exclude the tax levy herein from the definition of "Aggregate Levy" contained therein.

The term *"Pledged Taxes"* means (i) the taxes hereinabove levied for collection for the purpose of providing the funds necessary to make the payments described in clauses (i), (ii), (iii), (iv) and (v) of the first paragraph of this Section 7, and (ii) subject to the provisions of Section 15 hereof, the proceeds of taxes levied for the years from and after 2011 in connection with the issuance of the Outstanding Indebtedness to the extent such tax collections are not necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, and the term *"Pledged Taxes"* shall also include any amounts deposited into the hereinafter-defined Bond Fund or deposited with

the Ad Valorem Tax Escrow Agent (as hereinafter defined) by an Authorized Officer for the purpose of paying principal of and interest on the Bonds and any accrued interest received and deposited in the Bond Fund or the Ad Valorem Tax Escrow Account, if established pursuant to Section 9 hereof.

As provided in Section 12 or otherwise, the City reserves the right to abate all or a portion of the Pledged Taxes required to be levied in any year if and to the extent on or before March 31 of the next succeeding calendar year (or such earlier date as may be required by law), the City has on hand amounts dedicated to the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of this Section 7 due during the one-year period commencing on January 2 of such succeeding calendar year. The City may, but shall not be required to, cause the levy or extension in any year of taxes for the payment of the costs of Ongoing Financing Services.

Section 8. The City shall appropriate or otherwise provide amounts sufficient to pay (i) principal of and interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof to the payment of which the City has pledged its full faith and credit and (iii) Interest Rate Exchange Agreements to the payment of which the City has pledged its full faith and credit for the years such amounts are due, and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 9. Each Authorized Officer is authorized to establish one or more special accounts, if determined to be necessary in connection with the sale of any of the Bonds, separate and segregated from all other funds and accounts of the City, which shall either be (i) held by an Authorized Officer (each a *"Bond Fund"*) or (ii) maintained with a bank or trust company to be designated by an Authorized Officer (each an *"Ad Valorem Tax Escrow Account"*) pursuant to an escrow agreement (each an *"Ad Valorem Tax Escrow Agreement"*), between the City and the applicable Escrow Agent named therein (each an *"Ad Valorem Tax Escrow Agent"*), and one or more of the Mayor or an Authorized Officer are hereby authorized to execute and deliver one or more Ad Valorem Tax Escrow Agreements in connection with the sale of the Bonds in such form as the officers so executing such agreement may deem appropriate in accordance with the provisions of this Ordinance.

In lieu of the proceeds of such taxes being deposited with the City Treasurer, any such Ad Valorem Tax Escrow Agreement may authorize the County Collectors of Cook and DuPage Counties, Illinois to deposit the proceeds of such taxes directly into the applicable Ad Valorem Tax Escrow Account, if such Account has been created.

Section 10. If the Pledged Taxes to be applied to the payment of the Bonds are not available in time to make any payments of principal of or interest on the Bonds when due, then the appropriate fiscal officers of the City are hereby directed to make such payments from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available

for that purpose in advancement of the collection of such Pledged Taxes, and when the proceeds thereof are received, such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 11. A copy of this Ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks"), and such filing shall constitute the authority for and it shall be the duty of said County Clerks, in each year beginning in 2013, to and including 2053, to extend the taxes levied pursuant to Section 7 hereof for collection in such year, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

A copy of this Ordinance, duly certified by the City Clerk, shall also be filed with each applicable Ad Valorem Tax Escrow Agent, if any, each applicable Bond Registrar, and if the County Collectors of Cook and DuPage Counties are authorized to deposit the proceeds of the taxes levied pursuant to Section 7 hereof directly with an Ad Valorem Tax Escrow Agent pursuant to Section 9 hereof, with such County Collectors.

Section 12. Each Authorized Officer is hereby authorized to sell all or any portion of the Bonds, other than the Retail Bonds and the Direct Purchase Bonds which shall be sold as provided in the following two paragraphs, from time to time to or at the direction of an underwriter or group of underwriters to be selected by such Authorized Officer (the *"Underwriters"*), with the concurrence of the Chairman of the Committee on Finance of the City Council (the *"Chairman"*), on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations set forth in this Ordinance.

Each Authorized Officer is hereby authorized to sell Retail Bonds from time to time on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations contained in this Ordinance and, in connection therewith, to appoint an agent or group of agents to be selected by such Authorized Officer (the *"Selling Agents"*), with the concurrence of the Chairman, for the purpose of soliciting purchases of the Retail Bonds by individual investors, each sale of Retail Bonds solicited by the Selling Agents to be made with the concurrence of the Chairman.

The Bonds may be sold as Direct Purchase Bonds in a manner and containing such terms authorized by an Authorized Officer, including pursuant to a placement agent arrangement, to a purchaser or purchasers other than the Underwriters (the *"Direct Purchasers"*), such Direct Purchasers to be selected by an Authorized Officer and such sale being permitted either at par or with a discount or premium. The Mayor or an Authorized Officer is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Direct Purchase Bonds.

The principal amount of and the interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds and based on reasonable estimates of the interest to be paid on Variable Rate Bonds) sold of each series and maturity in the aggregate

(after taking into account mandatory redemptions) shall not exceed the amount levied therefor as specified in Section 7 hereof. The Bonds may be sold from time to time as an Authorized Officer shall determine that the proceeds of such sales are needed.

Subsequent to the sale of any series of Bonds or, in the case of the Retail Bonds, subsequent to the sale of all Bonds that are the subject of a Selling Agent Agreement (as hereinafter defined), an Authorized Officer shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth (i) the series designation, the aggregate principal amount and authorized denominations of, maturity schedule and redemption provisions for the Bonds sold, (ii) the principal amounts of the Bonds sold as Current Interest Bonds, Capital Appreciation Bonds, Convertible Bonds and Variable Rate Bonds, respectively, and whether any of the Bonds are sold as Retail Bonds, (iii) in the case of the sale of the Retail Bonds or Direct Purchase Bonds, the principal amounts of such Bonds sold as Current Interest Bonds, Capitalized Appreciation Bonds, Convertible Bonds and Variable Rate Bonds, respectively, (iv) in the case of Bonds sold as Capital Appreciation Bonds, (A) the Original Principal Amounts of and Yields to Maturity on the Capital Appreciation Bonds being sold and (B) a table of Compound Accreted Values per minimum authorized Compound Accreted Value at maturity for any Capital Appreciation Bonds being sold, setting forth the Compound Accreted Value of each such Capital Appreciation Bond on each semiannual compounding date, (v) the interest rates on the Current Interest Bonds sold or, in the case of Variable Rate Bonds, a description of the method of determining the interest rate applicable to such Variable Rate Bonds from time to time, (vi) the specific maturities, series and amounts of the Outstanding Indebtedness to be refunded with proceeds of the Bonds, (vii) a description of any Existing Interest Rate Exchange Agreements to be terminated, amended or otherwise modified in connection with the refunding of such Outstanding Indebtedness and identifying any settlement, breakage or termination amount to be paid in connection with each such termination, amendment or modification, (viii) the date on and price at which the Outstanding Indebtedness selected for refunding shall be redeemed (if such redemption shall occur prior to stated maturity or pursuant to mandatory sinking fund redemption), (ix) the disposition of the taxes levied for the years from and after 2011 for the payment of the Outstanding Indebtedness or any Existing Interest Rate Exchange Agreements as authorized by Section 15 hereof, (x) the identity of the insurer or insurers issuing the insurance policy or policies, if any, referred to below, and the identity of the provider or providers of one or more Credit Facilities, if any, for such Bonds, (xi) the identity of the Underwriters (or, in the case of Retail Bonds, the Selling Agents and in the case of Direct Purchase Bonds, the Direct Purchasers) selected for such Bonds, (xii) the identity of the applicable Bond Registrar and any trustee or trustees selected by an Authorized Officer for such Bonds, (xiii) the identity of any remarketing agent retained in connection with the issuance of Variable Rate Bonds, if any, (xiv) the compensation paid to the Underwriters (or, in the case of Retail Bonds, the Selling Agents) in connection with such sale, (xv) the identity of any Refunding Escrow Agent (as defined in Section 13(b) hereof) appointed by an Authorized Officer in connection with the refunding of Outstanding Indebtedness, and (xvi) any other matter authorized by this Ordinance to be determined by an Authorized Officer at the time of the sale of the Bonds of each series.

Either Authorized Officer is hereby authorized and directed to cause all necessary notices of redemption of the Outstanding Indebtedness selected for refunding as provided

above to be given in accordance with the terms of the respective ordinances or indentures, as applicable, authorizing the Outstanding Indebtedness.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract of purchase with respect to each sale of the Bonds to, or at the direction of, the Underwriters in substantially the form previously used for similar general obligation bonds of the City or to the Direct Purchasers, with appropriate revisions to reflect the terms and provisions of the Bonds and such other revisions in text as the Mayor or an Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The compensation paid to the Underwriters in connection with any sale of Bonds shall not exceed three percent of the principal amount of the Bonds being sold. Nothing contained in this Ordinance shall limit the sale of the Bonds or any maturity or maturities thereof at a price or prices in excess of the principal amount thereof.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract with Selling Agents pursuant to which the Selling Agents shall solicit purchases of the Retail Bonds by individual investors (a "*Selling Agent Agreement*") substantially in the form of the selling agent agreement previously entered into by the City in connection with the sale of Retail Bonds, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions. The aggregate compensation paid to the Selling Agents pursuant to any Selling Agent Agreement shall not exceed three percent of the principal amount of the Retail Bonds sold pursuant to such Selling Agent Agreement. The terms of any Selling Agent Agreement may provide for the delegation by an Authorized Officer to one or more Deputy Comptrollers of authority to approve the final terms of sale of any Retail Bonds pursuant to such Selling Agent Agreement within parameters established by an Authorized Officer consistent with the terms and limitations of this Ordinance. Any Selling Agent Agreement may also contain provisions pursuant to which a person receiving an ownership interest in any Retail Bonds through the death of a Bondholder shall have the right to sell such Retail Bonds back to the City at a price of not to exceed 105 percent of par and setting forth the terms and conditions of the exercise of such right. The Mayor or an Authorized Officer (or delegate as authorized above) is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Retail Bonds from time to time pursuant to a Selling Agent Agreement, including any such document, agreement or certificate necessary to describe the terms of Retail Bonds then being sold.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to obtain one or more policies of bond insurance from recognized bond insurers selected by an Authorized Officer, if such Authorized Officer determines such bond insurance to be desirable in connection with such sale of the Bonds. Either Authorized Officer may, on behalf of the City, make covenants with such bond insurer that are not inconsistent with the provisions of this Ordinance and are necessary to carry out the purposes of this Ordinance.

In connection with any sale of the Bonds, the Mayor or an Authorized Officer is hereby authorized to obtain one or more letters of credit, lines of credit, standby bond purchase

agreements, or similar credit or liquidity facilities (a "*Credit Facility*") with one or more financial institutions. The Mayor or an Authorized Officer is hereby authorized to enter into a reimbursement agreement and/or standby bond purchase agreement and to execute and issue a promissory note in connection with the provisions of each Credit Facility. Any Credit Facility, reimbursement agreement or standby bond purchase agreement shall be in substantially the form of the credit facilities, reimbursement agreements and standby bond purchase agreements previously entered into by the City in connection with the sale of general obligation bonds or notes, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such revisions. The annual fee paid to any financial institution that provides a Credit Facility with respect to all or a portion of a series of the Bonds shall not exceed one and one-half percent of the average principal amount of such Bonds outstanding during such annual period. The final form of any reimbursement agreement and/or standby bond purchase agreement entered into by the City with respect to the Bonds shall be attached to the notification of sale filed in the office of the City Clerk pursuant to this section. Each such promissory note shall be a general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each promissory note, and any Bond owned or held as collateral by any such financial institution in its capacity as a provider of a Credit Facility shall bear interest at a rate not exceeding 15 percent per annum and shall mature not later than the final maturity date of the related Bonds secured by such reimbursement agreement or standby bond purchase agreement. The Mayor or an Authorized Officer is hereby authorized to execute and deliver any such reimbursement agreement or standby bond purchase agreement, and any amendment thereto or replacement thereof, under the seal of the City affixed and attested by the City Clerk.

In the event that Bonds are sold so as to require the levy of taxes for any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in the first paragraph of Section 7 hereof, then an Authorized Officer shall, on or prior to March 31 of the calendar year next succeeding such year, notify the City Council of the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections, and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year. In the event that upon the final sale of the Bonds of all series, such Bonds have been sold so as to require the levy of taxes in any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in Section 7 hereof, then there shall be included, in the final notification of sale to the City Council described in the fourth (4th) paragraph of this Section 12, the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections for such year and any succeeding year and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year or years. If any of the Bonds are not to be sold and issued as provided herein and no levy collections are to be applied for the purposes of paying the costs of

Ongoing Financing Services as determined by an Authorized Officer, the corresponding taxes herein levied to pay debt service thereon shall be abated in full. Any certificate of abatement delivered pursuant to this paragraph shall refer to the amount of taxes levied pursuant to Section 7 hereof, shall indicate the amount of reduction in the amount of taxes levied by the City resulting from the sale or sales of the Bonds or the non-issuance thereof, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which is to be extended for collection by said County Clerks.

The preparation, use and distribution of a preliminary official statement, an official statement or any other disclosure document relating to each sale and issuance of the Bonds are hereby ratified and approved. The Mayor and each Authorized Officer are each hereby authorized to execute and deliver an official statement or other disclosure document relating to each sale and issuance of the Bonds on behalf of the City. The preliminary official statement, official statement and other disclosure documents herein authorized shall be substantially similar to those previously used for general obligation bonds of the City, and shall contain the terms and provisions of the Bonds, the manner in which the Bonds shall be sold, the use of proceeds of the Bonds, financial information for the City, and such other information as the Mayor or any Authorized Officer determines to be advisable under the circumstances.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to execute and deliver one or more Continuing Disclosure Undertakings (each a *"Continuing Disclosure Undertaking"*) evidencing the City's agreement to comply with the requirements of Section (b)(5) of Rule 15c2-12, adopted by the Securities and Exchange Commission (the *"SEC"*) under the Securities Exchange Act of 1934, in a form approved by the Corporation Counsel. Upon its execution and delivery on behalf of the City as herein provided, each Continuing Disclosure Undertaking will be binding on the City, and the officers, employees and agents of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Continuing Disclosure Undertaking as executed. Either Authorized Officer is hereby further authorized to amend each Continuing Disclosure Undertaking in accordance with its respective terms from time to time following its execution and delivery as said officer shall deem necessary. In addition, an Authorized Officer is authorized to make all future filings with the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board or such other municipal securities information repository as shall be designated by the SEC, all in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. Notwithstanding any other provision of this Ordinance, the sole remedies for any failure by the City to comply with any Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any applicable Bond to seek mandamus or specific performance by court order to cause the City to comply with its obligations under such Continuing Disclosure Undertaking.

The Bonds shall be duly prepared and executed in the form and manner provided herein and delivered to the purchasers in accordance with the applicable terms of sale.

The Mayor, each Authorized Officer, the City Treasurer and the City Clerk are each hereby authorized to execute and deliver such other documents and agreements (including

such contracts, such intergovernmental agreements or such grant agreements with not-for-profit organizations, educational or cultural institutions or for-profit organizations or to assist the State of Illinois, the United States of America, or other municipal corporations, units of local government or school districts in the State of Illinois, receiving proceeds of the Bonds as an Authorized Officer shall deem necessary and appropriate) and perform such other acts prior to or following the issuance of the Bonds as may be necessary or desirable in connection with the issuance of the Bonds and any transactions contemplated herein related to the application of the proceeds of the Bonds or collections or application of taxes levied for the payment of the Bonds or the Outstanding Indebtedness or other purposes hereunder, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any such actions heretofore taken by the Mayor, an Authorized Officer, the City Treasurer or the City Clerk in accordance with the provisions hereof are hereby ratified and approved. With respect to each grant of Bond proceeds, each Authorized Officer is hereby authorized to designate in writing, with the written concurrence of the Budget Director of the City (the "*Budget Director*"), (i) one or more City departments or agencies to administer such grant, and (ii) the head of the City department or agency who shall be authorized to execute a grant agreement and such other documents, agreements or instruments as shall be deemed necessary or desirable by such City department or agency head. Upon any such written designation by an Authorized Officer with respect to a grant of Bond proceeds, such City department or agency shall be authorized to administer such grant and the head of such City department or agency shall be authorized to execute a grant agreement and such other documents, agreements or instruments as such official shall deem necessary or desirable.

Section 13. The proceeds from the sale of any series of the Bonds shall be used as follows:

(a) The sum representing the accrued interest received, if any, shall be used to pay the first interest becoming due on the Bonds sold, and to that end, shall be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established.

(b) From the sale proceeds derived from any such sale of a series of the Bonds, (i) such sum as may be determined by an Authorized Officer to be necessary to pay not more than three years of interest on the Bonds issued to pay costs of the Project may be used to pay such interest, and to that end, may be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established; (ii) the sum determined by an Authorized Officer to be necessary to pay the costs of the Project shall be set aside, held and invested at the direction of an Authorized Officer, as separate funds of the City pending such payment, *provided* that proceeds of the Bonds issued to finance the Pension Contributions shall be paid into the Pension Funds as and when required by law; (iii) the sum determined by an Authorized Officer to capitalize or fund interest on Outstanding Indebtedness shall be deposited into the respective debt service funds established for the Outstanding Indebtedness; (iv) the sum determined by an Authorized Officer to be sufficient to pay the Outstanding Indebtedness being refunded at or prior to their respective maturities, at a price of par, the applicable redemption premium and accrued interest thereon up to and including said redemption

or maturity dates shall be deposited into the respective debt service funds established for the Outstanding Indebtedness or into one or more "Refunded Bonds Escrow Accounts" to be held by one or more banks or trust companies to be designated by an Authorized Officer (each a *"Refunding Escrow Agent"*), each pursuant to the terms of an escrow agreement (each a *"Refunding Escrow Agreement"*), and the Mayor, an Authorized Officer and the City Clerk, or any of them, are hereby authorized to execute and deliver each Refunding Escrow Agreement, and any amendment thereto, in such form as the officer so executing shall deem appropriate to effect the refunding or refundings described in this paragraph and (v) the sum determined by an Authorized Officer to be sufficient to provide for the payment of any settlement, breakage or termination amount payable in connection with the termination, amendment or modification of an Existing Interest Rate Exchange Agreement shall be paid to the City's counterparty or counterparties thereunder. Notwithstanding any provision of the Municipal Code, investments acquired with proceeds of the Bonds or investment income thereon may mature beyond ten years from the date of acquisition, and may include but are not limited to agreements entered into between the City and providers of securities under which agreements such providers agree to purchase from or sell to the City specified securities on specific dates at predetermined prices, all as established at the time of execution of any such agreement and as set forth in such agreement, and guaranteed investment contracts, forward purchase agreements and other similar investment vehicles. Such guaranteed investment contracts, forward purchase agreements and other similar investment vehicles may, to the extent permitted by operative authorizing documents and by applicable law, be assigned or transferred from one bond transaction to another or apply to the proceeds of more than one bond transaction on a commingled or non-commingled basis, as determined by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, as may be necessary or desirable in this respect. Investment income derived from Bond proceeds may be (w) expended for the same purposes for which Bond proceeds may be expended, (x) used for the payment or prepayment of City debt obligations, (y) deposited in the Corporate Fund of the City or (z) rebated to the United States of America as provided in Section 16 hereof, all as determined by an Authorized Officer or the Budget Director. Any commingled investment income from guaranteed investment contracts, forward purchase agreements and other similar investment vehicles shall be apportioned among bond transactions as determined by an Authorized Officer or as otherwise required by operative authorizing documents and applicable law.

(c) From the sale proceeds of a series of the Bonds not applied as provided in paragraphs (a) and (b), above, the amount deemed necessary by an Authorized Officer shall be applied to the payment of the costs of issuance of such Bonds, including the premium or fee for bond insurance or other credit or liquidity enhancement, if any, and any unexpended portion of the sale proceeds shall be paid to the City.

The costs of the Project may be paid directly by the City or may be financed by the making of grants for the implementation of the Project to (i) not-for-profit organizations,

educational or cultural institutions or for-profit organizations, (ii) the United States of America, (iii) the State of Illinois or (iv) other units of local government, political subdivisions, municipal corporations or school districts in the State of Illinois, including any operating division thereof, all as determined by an Authorized Officer.

An Authorized Officer shall report to the City Council with respect to the expenditure of the proceeds of each series of the Bonds issued hereunder to pay the costs of the Project. Such reports shall be made no later than August 1 of each year, commencing August 1, 2013, with respect to expenditures made during the preceding calendar year. No report shall be required hereunder following any calendar year in which no proceeds of any series of the Bonds are expended to pay costs of the Project.

Section 14. The Mayor or an Authorized Officer is hereby authorized to execute and deliver, with respect to all or any portion of the Outstanding Indebtedness, the Bonds, and any General Obligation Indebtedness (as defined below) that may be issued in the future (collectively, "*City Indebtedness*"), from time to time one or more agreements, or options to enter into such agreements, with counterparties selected by an Authorized Officer, the purpose of which is to provide to the City (i) an interest rate basis, cash flow basis, or other basis different from that provided in the related City Indebtedness for the payment of interest or (ii) with respect to a future delivery of general obligation bonds, notes or commercial paper (collectively, "*General Obligation Indebtedness*"), one or more of a guaranteed interest rate, interest rate basis, cash flow basis, or purchase price (such agreements or options to enter into such agreements being collectively referred to as "*Interest Rate Exchange Agreements*"). Interest Rate Exchange Agreements include without limitation agreements or contracts commonly known as interest rate exchange, swaps, including forward starting swaps, collar, caps, or derivative agreements, forward payment conversion agreements, interest rate locks, forward bond purchase agreements, bond warrant agreements, or bond purchase option agreements and also include agreements granting to the City or a counterparty an option to enter into any of the foregoing and agreements or contracts providing for payments based on levels of or changes in interest rates, including a change in an interest rate index, to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure. The stated aggregate notional amount (net of offsetting transactions) under all Interest Rate Exchange Agreements related to certain City Indebtedness shall not exceed the principal amount of such City Indebtedness to which such Interest Rate Exchange Agreements relate. For purposes of the immediately preceding sentence, "*offsetting transactions*" shall include any transaction which is intended to hedge, modify or otherwise affect another outstanding transaction or its economic results. The offsetting transaction need not be based on the same index or rate option as the related City Indebtedness or the transaction being offset and need not be with the same counterparty as the transaction being offset. Examples of offsetting transactions include, without limitation, a floating-to-fixed rate interest rate swap being offset by a fixed-to-floating rate interest rate swap, and a fixed-to-floating rate interest rate swap being offset by a floating-to-fixed rate interest rate swap or an interest rate cap or floor or a floating-to-floating interest rate swap.

Any Interest Rate Exchange Agreement to the extent practicable shall be in substantially the form of either the 2002 ISDA Master Agreement or the Local Currency — Single Jurisdiction

version or the Multicurrency — Cross Border version of the 1992 ISDA Master Agreement (including a Schedule and/or a Credit Support Annex to such Schedule, if applicable) published by the International Swaps and Derivatives Association, Inc. ("*ISDA*") or any successor form to either published by ISDA, and in the appropriate confirmations of transactions governed by the applicable agreement, with such insertions, completions and modifications thereof as shall be approved by the officer of the City executing the same, his or her execution to constitute conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Should any ISDA form not be the appropriate form to accomplish the objectives of the City under this Section 14, then such other agreement as may be appropriate is hereby approved, the execution by the Mayor or an Authorized Officer being conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Amounts payable by the City under any Interest Rate Exchange Agreement shall (i) constitute a general obligation of the City for which is pledged its full faith and credit, (ii) be payable from a tax unlimited as to rate or amount that may have heretofore or shall be hereafter levied by the City Council (including, with respect only to an Interest Rate Exchange Agreement relating to the Bonds, the tax levy described in Section 7 hereof), (iii) constitute operating expenses of the City payable from any monies, revenues, income, assets or funds of the City available for such purpose, or (iv) constitute any combination of (i), (ii), and (iii); all as shall be determined by an Authorized Officer. Nothing contained in this Section 14 shall limit or restrict the authority of the Mayor or an Authorized Officer to enter into similar agreements pursuant to prior or subsequent authorization of the City Council.

The Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any Interest Rate Exchange Agreement upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from proceeds of sale of the Bonds or General Obligation Indebtedness or from any lawfully available funds of the City.

Any amounts received by the City pursuant to any Interest Rate Exchange Agreement (other than regularly scheduled payment amounts) are hereby authorized to be expended for any purpose for which the proceeds of the related City Indebtedness are authorized to be expended and for the payment or prepayment of any City Indebtedness, all as determined by an Authorized Officer.

In addition to the foregoing, the Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any agreement of the type described herein as an Interest Rate Exchange Agreement with respect to any Outstanding Revenue Indebtedness upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from the sources provided for the payment of such agreements in the proceedings authorizing the Outstanding Revenue Indebtedness to which such agreements relate or from any other lawfully available funds of the City.

Section 15. The taxes levied for the years from and after 2011 for the payment of the Outstanding Indebtedness or amounts due under any Existing Interest Rate Exchange Agreement, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof or for the payment of amounts due under an Existing Interest Rate Exchange Agreement due to the termination of such Existing Interest Rate Exchange Agreement as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied (A) as set forth in the next paragraph or (B) to any other lawful public purpose of the City designated by the City Council including (i) the purposes set forth in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 of this Ordinance, (ii) the payment of the costs of any capital projects for which funds have been lawfully appropriated or (iii) the abatement of such taxes. There shall be prepared by an Authorized Officer and filed with the County Clerks a certificate of reduction of taxes heretofore levied for the payment of the Outstanding Indebtedness selected for refunding by an Authorized Officer as provided in Sections 12 and 13 hereof and directing the abatement of the taxes heretofore levied to pay the Outstanding Indebtedness being refunded, including the taxes levied for the years from and after 2012, if so determined by an Authorized Officer as provided in the preceding sentence. In addition, any proceeds of the Outstanding Indebtedness being held for the payment of the Outstanding Indebtedness, to the extent such proceeds are not necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied to any lawful public purpose of the City designated by the City Council, including the payment of the Bonds (but in the case of Bonds the interest on which is excluded from gross income for federal income tax purposes, only upon receipt by the City of an opinion of Bond Counsel to the effect that such will not adversely affect the tax-exempt status of the Bonds).

Furthermore, notwithstanding any other provision hereof, taxes levied for the years 2011 to 2013, inclusive, for the payment of Outstanding Indebtedness, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof with the proceeds of the Bonds may, in addition to the other purposes set forth above, be applied to the payment of the principal of and interest due on general obligation commercial paper notes due on or before January 31, 2016, at the direction of an Authorized Officer. Any directions or determinations by an Authorized Officer pursuant to this paragraph shall be filed with the City Clerk no later than the date a levy is applied to the payment of commercial paper as provided herein.

Section 16. The City covenants that it will take no action in the investment of the proceeds of the Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes) which would result in making the interest payable on any of such Bonds subject to federal income taxes by reason of such Bonds being classified as "*arbitrage bonds*" within the meaning of Section 148 of the Code.

The City further covenants that it will act with respect to the proceeds of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the earnings on the proceeds of such Bonds

and any other moneys on deposit in any fund or account maintained in respect of such Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on such Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code.

Each Authorized Officer is hereby authorized to execute such certifications, tax returns, covenants and agreements as shall be necessary, in the opinion of nationally recognized bond counsel, or in the best interest of the City, as determined by an Authorized Officer, to evidence the City's compliance with the covenants contained in this section. Each Authorized Officer is hereby authorized to execute one or more declarations of intent to reimburse costs of the Project in accordance with the Code and the Treasury Regulations thereunder.

Section 17. This Ordinance is prepared in accordance with the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance and the Bonds, including, but not limited to, the exercise following the delivery date of any of the Bonds of any power or authority delegated to such official of the City under this Ordinance with respect to the Bonds upon the initial issuance thereof, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any actions heretofore taken by such officers of the City in accordance with the provisions of this Ordinance are hereby ratified and approved.

Section 18. The Mayor and each Authorized Officer may each designate another to act as their respective proxy and, as applicable, to affix their respective signatures to the Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or an Authorized Officer pursuant to this Ordinance and any instrument, certificate or document required thereby. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and each Authorized Officer, respectively. A written signature of the Mayor or of an Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of Proceedings of the City Council for such date and filed in the office of the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of an Authorized Officer is so affixed to an instrument, certificate or document at the direction of such Authorized Officer, the same, in all respects, shall be as binding on the City as if signed by such Authorized Officer in person.

Section 19. If requested by the Bond Registrar, the Mayor, each Authorized Officer and the City Clerk are each authorized to execute the standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties thereof.

Section 20. If payment or provision for payment is made, to or for the registered owners of all or a portion of the Bonds, of the Compound Accreted Value of any Capital Appreciation Bond and the principal of and interest due and to become due on any Current Interest Bond or Variable Rate Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or such bank or trust company as shall be designated by an Authorized Officer (such bank or trust company hereinafter referred to as a *"Defeasance Escrow Agent"*), all sums of money due and to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, terminate and be void as to those Bonds or portions thereof except for purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations. Any Bond shall be deemed to be paid within the meaning of this section when payment of the Compound Accreted Value of any such Capital Appreciation Bond or the principal of any such Current Interest Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Ordinance or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or a Defeasance Escrow Agent, in trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2)(A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) obligations of the following agencies: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations, and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C), or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants). At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations.

No such deposit under this section shall be made or accepted hereunder and no use made of any such deposit unless, in the case of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent or the applicable Defeasance Escrow Agent, as the case may be, shall have received an

opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any of such Bonds to be treated as "*arbitrage bonds*" within the meaning of Section 148 of the Code or any successor provision thereto.

Nothing in this Ordinance shall prohibit a defeasance deposit of escrow securities as provided in this section or a defeasance deposit with respect to the Outstanding Indebtedness pursuant to any Refunding Escrow Agreement authorized by Section 13(b) hereof, from being subject to a subsequent sale of such escrow securities and reinvestment of all or a portion of the proceeds of that sale in escrow securities which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Bonds or Outstanding Indebtedness, as appropriate. Amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, any Defeasance Escrow Agent or any Refunding Escrow Agent in excess of the amounts needed so to provide for payment of the defeased Bonds or Outstanding Indebtedness, as appropriate, may be subject to withdrawal by the City. The Mayor or an Authorized Officer is hereby authorized to execute and deliver from time to time one or more agreements (and amendments thereto) with counterparties selected by an Authorized Officer, with respect to the investment and use of such excess amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, a Defeasance Escrow Agent or a Refunding Escrow Agent.

Section 21. Notwithstanding any other provisions of this Ordinance, the terms and provisions of the trust indenture securing a series of Variable Rate Bonds as authorized in Section 2 hereof with respect to (a) the authentication, registration, transfer and destruction or loss of such Variable Rate Bonds, (b) subject to the limitation on redemption price set forth in Section 3(d) hereof, the redemption of such Variable Rate Bonds, or (c) the method of payment or defeasance of such Variable Rate Bonds, shall apply to such Variable Rate Bonds issued pursuant to this Ordinance. With respect to the Direct Purchase Bonds, an Authorized Officer is authorized to negotiate the terms and provisions of such Direct Purchase Bonds in addition to or as an alternative to the terms and provisions of the trust indenture securing a series of Variable Rate Bonds.

Section 22. Any series of the Bonds, the Outstanding Indebtedness or the Outstanding Revenue Indebtedness may be restructured in a manner authorized by the Mayor or an Authorized Officer, including but not limited to (a) terminating credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (b) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with similar credit enhancement or liquidity from a different provider, (c) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with different forms of credit enhancement or liquidity from the same or a different provider, (d) adding additional credit enhancement or liquidity supplemental to that securing a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (e) removing or amending provisions for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, or in financing documents related thereto, to or for the benefit of credit enhancers or liquidity providers or adding provisions for the benefit of new or replacement credit enhancers or liquidity providers, (f) replacing an existing remarketing agent

or remarketing agents for Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with a remarketing agent or remarketing agents selected by an Authorized Officer or assigning an existing remarketing agreement to a remarketing agent or remarketing agents selected by an Authorized Officer, (g) converting to or adding a different interest rate mode or modes under the documents pursuant to which such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness were issued, (h) adding a floating rate note (FRN) mode to any document pursuant to which such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness were issued or refunding such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness using an FRN structure, or (i) selling or remarketing Outstanding Indebtedness or Outstanding Revenue Indebtedness pursuant to a direct purchase arrangement to one or more purchasers selected by an Authorized Officer either at par or with a discount or premium, subject to any limitations or restrictions with respect to such actions being taken contained in this Ordinance with respect to the Bonds or an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued, but *provided*, that if determined by an Authorized Officer to be necessary to achieve the financial interests of the City, such limitations or restrictions contained in an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued may be exceeded, but not in excess of the comparable limitations set forth in this Ordinance. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, and to cause to be prepared such remarketing documents, including disclosure documents, as may be necessary or desirable to effect any such debt restructuring and facilitate the remarketing of the Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, and to pay the fees, costs and expenses relating thereto, as the Mayor or an Authorized Officer executing the same determines is necessary and desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such amendments.

Section 23. Any funds heretofore or hereafter received by the City, pursuant to any Interest Rate Exchange Agreement and in connection with Outstanding Indebtedness, are hereby authorized to be expended for the payment or prepayment of any City Indebtedness; *provided however*, notwithstanding the foregoing, such authorization shall not apply to any funds the expenditure of which shall have been heretofore authorized by other applicable law.

Section 24. For purposes of Treasury Regulation Section 1.150-2, the City Council hereby states its intent to finance, or to reimburse the City for the payment of the costs described in Exhibit A attached hereto by the issuance of tax-exempt obligations in an amount not to exceed $200,000,000. No funds from sources other than such obligations are, or are expected to be, reserved or allocated, or otherwise set aside, for the payment of such costs, except as permitted by the Code This declaration is consistent with the budgetary practices of the City.

Section 25. A. Section 3 of the 2002 Ordinance is hereby amended in its entirety to read as follows:

Section 3.. Maximum Amount and Term. Without further authorization of this City Council, the maximum aggregate principal amount of all Authorized Debt outstanding under this ordinance at any time shall not exceed Five Hundred Million Dollars ($500,000,000) (exclusive of unpaid interest and fees). All Authorized Debt shall mature on or prior to January 1, 2030.

B. Section 18 of the 2002 Ordinance is hereby amended in its entirety to read as follows:

Section 18. The Line of Credit Program. (a) The Mayor or the City's Chief Financial Officer or the City Comptroller (the Chief Financial Officer and the City Comptroller each being hereinafter referred to as an "Authorized Officer") is hereby authorized to execute and deliver one (1) or more line of credit agreements (each, a "Line of Credit Agreement") with one (1) or more commercial banks and other financial institutions and in the form customarily used to provide governmental borrowers with a revolving line of credit to meet their need for working capital or interim financing for capital projects and with such terms and provisions as an Authorized Officer shall determine to be in the best interest of the City. The City Clerk is authorized to attest the same and affix thereto the corporate seal of the City or a facsimile thereof, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of each such Line of Credit Agreement.

(b) To evidence borrowings under each Line of Credit Agreement, the City is authorized to issue from time to time one (1) or more Line of Credit Notes, each to be designated "Line of Credit Note". Each Line of Credit Note shall bear interest from its date at a rate or rates not in excess of eighteen percent (18%) per annum. As determined by an Authorized Officer at the time of issuance of each Line of Credit Note, the Line of Credit Notes may be issued as notes the interest on which is either includible or excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Line of Credit Notes shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City, and shall be attested with the manual or facsimile signature of the City Clerk of the City, and shall have impressed or imprinted thereon the official seal of the City (or a facsimile thereof). In case any officer of the City whose signature or facsimile signature shall appear on the Line of Credit Notes shall cease to be such officer before the delivery of such Line of Credit Notes, such signature or facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery.

(d) Subject to the limitations contained in this ordinance, authority is hereby delegated to the Mayor or an Authorized Officer to determine (i) the aggregate principal amount of each Line of Credit Note to be issued, (ii) the date or dates thereof, (iii) the maturities thereof, (iv) the rate or rates of interest payable thereon or the method for determining such rate or rates, and (v) the one (1) or more commercial banks and other financial institutions to provide the credit under each Line of Credit Agreement.

(e) To evidence the exercise of the authority delegated to the Mayor or an Authorized Officer by this ordinance, the Mayor or an Authorized Officer, as the case may be, is hereby directed to execute and file with the City Clerk a copy of each Line of Credit Agreement, each Line of Credit Note issued in connection with each borrowing under any Line of Credit Agreement, and a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such Line of Credit Agreement, Line of Credit Note and such certificate, the City Clerk shall direct a copy of such filing to the City Council.

Section 26. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this Ordinance or the instruments authorized by this Ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of or interest on the Bonds or to impair the security for the Bonds; *provided further* that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

Section 27. This Ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least five copies hereof, which copies are to be made available in her office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance.

Section 28. This Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided herein.

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".
(To Ordinance)

Section 24 Costs.

1. Public right-of-way infrastructure improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacement, and curb and gutter repairs and replacement.

2. Infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements.

3. Transportation improvements (to City facilities and to facilities located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements.

4. Grants or loans to assist not-for-profit organizations or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State of Illinois or the United States of America.

5. Cash flow needs of the City.

6. The acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes.

7. The duly authorized acquisition of improved and unimproved real property within the City for municipal, industrial, commercial or residential purposes, or any combination thereof, and the improvement, demolition and/or remediation of any such property.

8. Constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities.

9 The enhancement of economic development within the City by making direct grants or loans to, or deposits to funds or accounts to secure the obligations of, not-for-profit or for-profit organizations doing business or seeking to do business in the City.

10. The funding of (a) judgments entered against the City, (b) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation and (c) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes.

11. The payment of certain contributions to the Policemen's Annuity and Benefit Fund, the Firemen's Annuity and Benefit Fund, the Municipal Employees', Officers' and Officials' Annuity and Benefit Fund, and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund.

12. The provision of facilities, services and equipment to protect and enhance public safety, including, but not limited to, increased costs for police and fire protection services, emergency medical services, staffing at the City's emergency call center and other City facilities, and enhanced security measures at airports and other City facilities.

APPROVED

[redacted]

CORPORATION COUNSEL

APPROVED

[redacted]

Mayor

3/16/12

SUSANA A. MENDOZA
CITY CLERK'S OFFICE-CITY OF CHICAGO

STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, SUSANA A. MENDOZA, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office authorizing Issuance of General Obligation and Refunding Bonds and Associated Amendment regarding Commercial Paper Debt and Amendment of Municipal Code Section 2-32-031 regarding Debt Management Policies.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on fifth (5th) day of February, 2014.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit:

Yeas 44 Nays 4

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor did approve and sign said ordinance on the seventh (7th) day of February, 2014.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this nineteenth (19th) day of February, 2014.

[T.P.]

Susana A. Mendoza

SUSANA A. MENDOZA, City Clerk

ORDINANCE

AN ORDINANCE providing for the issuance of General Obligation Bonds of the City of Chicago, for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on said Bonds, for the selection and retention of one or more Qualified Independent Representatives in connection with certain Interest Rate Exchange Agreements as described herein; authorizing the execution and delivery of certain financial security and credit enhancement agreements in connection with existing agreements and transactions involving City assets; and providing for the amendment of certain provisions of the Municipal Code and existing ordinances and financing documents, including but not limited to the ordinance adopted by the City Council on May 1, 2002, which proposed the establishment of a commercial paper program, an auction rate securities program, a variable rate securities program and a line of credit program.

WHEREAS, the City of Chicago (the *"City"*) is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the Illinois Constitution of 1970; and

WHEREAS, the City has heretofore (i) authorized the issuance of its general obligation bonds and notes (the *"Authorized General Obligation Bonds and Notes"*), (ii) authorized the borrowing of money pursuant to one or more line of credit agreements to provide funds for working capital or interim financing for capital projects, including the Revolving Line of Credit Agreement dated as of March 1, 2013 between the City and Bank of America, N.A. (the *"Line of Credit Indebtedness"*) and (iii) established a commercial paper program authorizing the issuance of its general obligation commercial paper notes from time to time (the *"General Obligation Commercial Paper Notes"*); and

WHEREAS, (i) the Authorized General Obligation Bonds and Notes currently outstanding, (ii) the Line of Credit Indebtedness incurred and outstanding from time to time and (iii) the General Obligation Commercial Paper Notes currently or hereafter outstanding from time to time (collectively, the *"Outstanding Indebtedness"*) mature and are subject to optional and mandatory redemption as provided in the respective proceedings authorizing the Outstanding Indebtedness; and

WHEREAS, the City has heretofore entered into Interest Rate Exchange Agreements (as described and defined in Section 14(a) hereof) which are in existence as of the date of adoption of this Ordinance (the *"Existing Interest Rate Exchange Agreements"*); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to authorize (i) refunding all or a portion of the Outstanding Indebtedness and (ii) terminating, amending or otherwise modifying all or any portion of the Existing Interest Rate Exchange Agreements and paying any settlement,

breakage or termination amounts that may be due and owing in connection therewith, in order to achieve debt service savings for the City, restructure debt service of the Outstanding Indebtedness or reduce, limit or manage the City's exposure to interest rate risk (collectively, the *"Refunding Purposes"*); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to finance (i) public right-of-way infrastructure improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacement, and curb and gutter repairs and replacement; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; (iii) transportation improvements to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities, including street resurfacing, bridge and freight tunnel rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) grants or loans to assist not-for-profit organizations or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State of Illinois or the United States of America; (v) cash flow needs of the City; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; (vii) the duly authorized acquisition of improved and unimproved real property within the City for municipal, industrial, commercial or residential purposes, or any combination thereof, and the improvement, demolition and/or remediation of any such property; (viii) constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; (ix) the enhancement of economic development within the City by making direct grants or loans to, or deposits to funds or accounts to secure the obligations of, not-for-profit or for-profit organizations doing business or seeking to do business in the City; (x) the funding of (A) judgments entered against the City, (B) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation or arbitration and (C) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes; (xi) the payment of certain contributions (the *"Pension Contributions"*) to the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, the Municipal Employees' Annuity and Benefit Fund of Chicago and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (collectively, the *"Pension Funds"*); (xii) the provision of facilities, services and equipment to protect and enhance public safety, including, but not limited to, increased costs for police and fire protection services, emergency medical services, staffing at the City's emergency call center and other City facilities, and enhanced security measures at airports and other major City facilities; and (xiii) acquiring motor vehicles for a term of years or lease period (the purposes described in clauses (i) through (xiii) above being referred to herein as the *"Project"*); and

WHEREAS, the cost of the Refunding Purposes and the Project is estimated to be not less than $900,000,000 and the City expects to pay a portion of such costs by borrowing money and issuing its general obligation bonds in one or more series and at one or more times in the aggregate principal amount of not to exceed $900,000,000 (plus the amount of any original issue discount as herein provided); and

WHEREAS, the City has determined that it is advisable and necessary to authorize the borrowing of the sum necessary at this time for any or all of the purposes of (i) paying costs of the Refunding Purposes, (ii) paying costs of the Project, including capitalizing or funding such interest on the bonds herein authorized for said purpose as may be necessary, (iii) capitalizing or funding interest on Outstanding Indebtedness and (iv) paying the expenses of issuing the bonds herein authorized for the purposes described herein, and in evidence thereof to authorize the issuance of its General Obligation Bonds (the *"Bonds"*), in one or more series and at one or more times as herein provided, such borrowing being for a proper public purpose and in the public interest, and the City, by virtue of its constitutional home rule powers and all laws applicable thereto, has the power to issue such Bonds; and

WHEREAS, the Bonds may include one or more series of bonds the interest on which is, as designated by series, either includible or excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the *"Code"*); and

WHEREAS, the City has authorized the issuance of certain bonds, notes and commercial paper of the City secured by and payable from a specified revenue source, including, without limitation, airport revenues, sales tax revenues, motor fuel tax revenues, water system revenues and sewer system revenues (such bonds and notes being hereinafter referred to as *"Revenue Bonds and Notes"* and such commercial paper being hereinafter referred to as *"Revenue Commercial Paper"*); and

WHEREAS, the City has determined that it is necessary to provide for various restructuring amendments (i) to the Outstanding Indebtedness, (ii) to the Revenue Bonds and Notes currently outstanding and the Revenue Commercial Paper currently or hereafter outstanding from time to time (collectively, the "*Outstanding Revenue Indebtedness*") and (iii) to the extent issued and outstanding from time to time in the future, the Bonds; and

WHEREAS, Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the *"Dodd-Frank Act"*) addresses the regulation of swap and other derivatives transactions such as the Interest Rate Exchange Agreements and pursuant to which the Commodity Futures Trading Commission (the *"CFTC"*) has promulgated regulations, including new business conduct standards (the *"CFTC Regulations"*), applicable to providers of Interest Rate Exchange Agreements (the *"Swap Providers"*); and

WHEREAS, for purposes of the CFTC Regulations, the City is a "Special Entity," entitled to certain duties from the Swap Providers with whom they conduct or propose to conduct business; and

WHEREAS, in order to avail itself of the services of Swap Providers and other financial advisors under the statutory and regulatory regime contained in the Dodd-Frank Act and the CFTC Regulations, whether in connection with amendments, terminations or other modifications of Existing Interest Rate Exchange Agreements, the negotiation or execution of Interest Rate Exchange Agreements as authorized in Section 14 hereof, or to provide advice with respect to financial products and debt obligations purchased, entered into and/or issued by the City, it is necessary for the City to, among other things, (i) rely on advice from a Qualified Independent Representative, being an independent professional having demonstrated experience in the field of swap and other derivative transactions executed by States, State agencies, municipalities or other units of local government or political subdivisions and meeting the applicable qualifications of the Dodd-Frank Act and the CFTC Regulations (a *"QIR"*), (ii) approve the retention of one or more advisors to serve as QIRs and financial advisors in accordance with the applicable provisions of the Dodd-Frank Act and the CFTC Regulations and (iii) approve and authorize the execution of agreements with QIRs and other financial advisors, including but not limited to certain documents and agreements published by the International Swaps and Derivatives Association, Inc. (*"ISDA"*) as part of its Dodd-Frank Documentation Initiative to assist swap market participants in complying with the CFTC Regulations (the *"ISDA Protocol Documentation"*) and certain bilateral agreements with the City's counterparties on the Existing Interest Rate Exchange Agreements; and

WHEREAS, the City has determined that it is advisable and necessary in furtherance of compliance with federal securities and tax laws to adopt written policies which shall address the management of the City's bond, note and other debt issuances, including the entering into of Interest Rate Exchange Agreements and hiring QIRs in connection therewith; and

WHEREAS, the City has determined that it is advisable and necessary, in order to provide increased financial flexibility and protection to the City in connection with existing long-term concession agreements for City assets and existing sale/leaseback and lease/leaseback transactions involving City assets (each, a *"Financing Transaction"*), to authorize the execution and delivery of certain financial security and credit enhancement agreements to secure payment of amounts due from the City in connection with each such Financing Transaction and the incurrence of general obligation indebtedness in connection therewith; and

WHEREAS, the City has determined that it is necessary to amend Section 3 of the ordinance adopted by the City Council of the City of Chicago on May 1, 2002, as heretofore amended (the *"2002 Ordinance"*), which authorizes the issuance of Commercial Paper Notes Series A and Series B in an amount not to exceed $500,000,000 and pursuant to which the City proposed to establish a commercial paper program, an auction rate securities program, a variable rate securities program and a line of credit program (collectively, the *"Borrowing Plan"*); and

WHEREAS, the Borrowing Plan authorizes the issuance of one or more series of Authorized Debt (as defined in the 2002 Ordinance) for (i) the payment, or reimbursement of the City for the payment, of the cost of all or any portion of any capital project approved by City Council, (ii) cash flow needs of the City, (iii) the deposit of monies into funds and accounts as

are provided for in any indenture entered into under the Borrowing Plan, and (iv) the payment of costs of issuance incurred in connection with each series of Authorized Debt; and

WHEREAS, the City desires to amend Section 3 of the 2002 Ordinance in order to (i) increase the maximum aggregate principal amount of Authorized Debt to be outstanding under the 2002 Ordinance from $500,000,000 to $1 billion and (ii) extend the maximum maturity of Authorized Debt outstanding under the 2002 Ordinance from January 1, 2030 to January 1, 2032; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

Section 1. The City Council of the City (the *"City Council"*), after a public meeting heretofore held on this Ordinance by the Committee on Finance of the City Council, pursuant to proper notice and in accordance with the findings and recommendations of such Committee, hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

Section 2. There shall be borrowed on the credit of and for and on behalf of the City in one or more series and at one or more times the sum of not to exceed $900,000,000 plus an amount equal to the amount of any net original issue discount used in the marketing of the Bonds (not to exceed 10 percent of the principal amount of each series thereof) for the purposes aforesaid; and the Bonds shall be issued from time to time in said aggregate principal amount, or such lesser amount, as may be determined by the City's Chief Financial Officer or the City Comptroller (each such officer being hereinafter referred to as an *"Authorized Officer"*).

All or any portion of the Bonds may be issued as Bonds payable in one payment on a fixed date (*"Capital Appreciation Bonds"*). Each series of Capital Appreciation Bonds shall be dated the date of issuance thereof and shall also bear the date of authentication, shall be in fully registered form, shall be numbered as determined by the applicable Bond Registrar (as hereinafter defined), and shall be in denominations equal to the original principal amounts of such Capital Appreciation Bonds or any integral multiple thereof, each such original principal amount representing Compound Accreted Value (as hereinafter defined) at maturity (the *"Maturity Amount"*) of such minimum amounts and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Capital Appreciation Bonds (but no single Bond shall represent Compound Accreted Value maturing on more than one date). As used herein, the *"Compound Accreted Value"* of a Capital Appreciation Bond on any date of determination shall be an amount equal to the original principal amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semiannual compounding rate which is necessary to produce the yield to maturity borne by such Capital Appreciation Bond (the *"Yield to Maturity"*).

All or any portion of the Bonds may be issued as Bonds bearing interest at fixed rates and paying interest semiannually as described below (the *"Current Interest Bonds"*). Each series of Current Interest Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds, shall be in fully registered

form, shall be in such minimum denominations and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds (but no single Current Interest Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar.

The Bonds may be initially issued as Capital Appreciation Bonds containing provisions for the conversion of the Compound Accreted Value of such Bonds into Current Interest Bonds (the *"Convertible Bonds"*) at such time following the initial issuance as shall be approved by an Authorized Officer. While in the form of Capital Appreciation Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Capital Appreciation Bonds, and while in the form of Current Interest Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Current Interest Bonds. In particular, when Convertible Bonds are in the form of Capital Appreciation Bonds prior to their conversion to Current Interest Bonds, the transfer, exchange and replacement provisions of this Ordinance with respect to Capital Appreciation Bonds shall apply to such Convertible Bonds; *provided* that the Convertible Bonds delivered in the form of Capital Appreciation Bonds in connection with any such transfer, exchange or replacement shall have identical provisions for conversion to Current Interest Bonds as set forth in the Convertible Bonds being transferred, exchanged or replaced. In connection with the issuance and sale of any Convertible Bonds, the terms and provisions relating to the conversion of the Compound Accreted Value of such Convertible Bonds into Current Interest Bonds shall be as approved by an Authorized Officer at the time of sale of such Convertible Bonds. Notwithstanding any other provision hereof, any series of Bonds may be issued as Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds or any combination thereof.

All or any portion of the Bonds may be issued as Bonds bearing interest at variable rates established by reference to such indices or otherwise and adjustable and payable from time to time as shall be determined by an Authorized Officer and as agreed upon by an Authorized Officer and the purchaser of the Bonds (the *"Variable Rate Bonds"*). Each series of Variable Rate Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Bonds, shall be in fully registered form, shall be in such denominations as shall be agreed upon by an Authorized Officer and the purchasers of the Bonds (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar. Each series of Variable Rate Bonds may be issued pursuant to, and have such terms and provisions as are set forth in, a trust indenture between the City and a bank or trust company selected by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into one or more such trust indentures on behalf of the City. Each such trust indenture shall be in substantially the form of trust indentures previously entered into by the City in connection with the sale of general obligation bonds or notes bearing interest at variable rates, but with such revisions in text as the Mayor or the Authorized Officer executing the same shall determine are necessary or desirable, including such revisions as shall be necessary to incorporate provisions relating to the manner of establishing the interest rate and the payment of interest from time to time on the Variable Rate Bonds, the execution thereof, and any amendment thereto, by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions.

All or any portion of the Bonds may be issued and sold from time to time on a retail basis to individual investors (the *"Retail Bonds"*) or as a direct purchase to holders (the *"Direct Purchase Bonds"*). The Retail Bonds and the Direct Purchase Bonds shall be sold as provided in Section 12 hereof.

The principal of the Bonds of each series shall become due and payable on or before the earlier of (i) January 1, 2056, or (ii) 40 years after the date of issuance thereof. Each series of Current Interest Bonds shall bear interest at a rate or rates and each series of Capital Appreciation Bonds shall have Yields to Maturity not to exceed 15 percent per annum. Each series of Variable Rate Bonds shall bear interest from time to time at such rates determined by such remarketing or other indexing agent as shall be selected by an Authorized Officer for that purpose or as provided in the related trust indenture referred to above not to exceed 15 percent per annum. Any portion of the Bonds may be issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes if determined by an Authorized Officer to be beneficial to the City.

Each Capital Appreciation Bond shall accrue interest from its date at the rate per annum compounded semiannually on each January 1 and July 1, commencing on such January 1 or July 1 as determined by an Authorized Officer at the time of sale of such Capital Appreciation Bonds, which will produce the Yield to Maturity identified therein until the maturity date thereof. Interest on the Capital Appreciation Bonds shall be payable only at the respective maturity dates thereof.

Each Current Interest Bond shall bear interest from the later of its date or the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid, such interest (computed upon the basis of a 360-day period of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing on such January 1 or July 1 as shall be determined by an Authorized Officer at the time of the sale of each series of Current Interest Bonds. Interest on each Current Interest Bond shall be paid to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date, by check or draft of the applicable Bond Registrar, or, at the option of any registered owner of $1,000,000 or more in aggregate principal amount of Current Interest Bonds of a series, by wire transfer of immediately available funds to such bank in the continental United States of America as the registered owner of such Bonds shall request in writing to the applicable Bond Registrar.

Each series of Variable Rate Bonds shall bear interest (computed from time to time at such rates and on such basis as shall be determined by an Authorized Officer or at the time of sale of such series of Variable Rate Bonds) payable on such dates as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. Any Variable Rate Bonds may be made subject to optional or mandatory tender for purchase by the owners thereof at such times and at such prices (not to exceed 105 percent of the principal amount thereof) as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. In connection with the remarketing of any Variable Rate Bonds of a series so tendered for purchase under the terms and conditions so specified by an Authorized Officer, the Mayor and

each Authorized Officer are hereby authorized to execute on behalf of the City a remarketing agreement, and any amendment thereto, with respect to such series of Variable Rate Bonds in substantially the form previously used for variable rate financings of the City with appropriate revisions to reflect the terms and provisions of such Bonds sold as Variable Rate Bonds and such other revisions in text as an Authorized Officer shall determine are necessary or desirable in connection with the sale of such Bonds as Variable Rate Bonds. The annual fee paid to any remarketing agent serving in such capacity pursuant to any such remarketing agreement with respect to a series of Variable Rate Bonds shall not exceed one-quarter of one percent (0.25%) of the average principal amount of such Variable Rate Bonds of such series outstanding during such annual period.

The Compound Accreted Value of the Capital Appreciation Bonds, the principal of the Current Interest Bonds and the Variable Rate Bonds and any redemption premium shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated corporate trust office of the applicable Bond Registrar.

Each of the Bonds shall be designated "General Obligation Bonds, Series ____," with such additions, modifications or revisions as shall be determined to be necessary by an Authorized Officer at the time of the sale of such Bonds to reflect the calendar year of issuance of the Bonds, the order of sale of the Bonds, the specific series of the Bonds, whether the Bonds are being issued on a taxable basis, whether the Bonds are Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds, Variable Rate Bonds, Retail Bonds or Direct Purchase Bonds, whether the Bonds are being issued and sold for the purpose of paying costs of the Refunding Purposes, paying costs of the Project or a combination thereof and any other authorized features of the Bonds determined by an Authorized Officer as desirable to be reflected in the title of the Bonds being issued and sold.

The seal of the City or a facsimile thereof shall be affixed to or printed on each of the Bonds, and the Bonds shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all proposes, the same as if such officer had remained in office until delivery. As used in this Ordinance, *"City Clerk"* shall mean the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to this Ordinance.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the applicable Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the applicable Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the

applicable Bond Registrar if signed by an authorized officer of such Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3. (a) *Registration and Transfer.* The City shall cause books (the *"Bond Register"*) for the registration and for the transfer of each series of Bonds as provided in this Ordinance to be kept at the designated corporate trust office of a bank or trust company designated by an Authorized Officer (the *"Bond Registrar"*), as the registrar for the City in connection with such series of Bonds. The City is authorized to prepare multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated corporate trust office of the applicable Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to such Bond Registrar and duly executed by the registered owner or its attorney duly authorized in writing, the City shall execute and such Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees (a) in the case of any Capital Appreciation Bond, a new fully registered Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of authorized denominations, for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations, or (b) in the case of any other Bonds, one or more fully registered Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate (or in the case of Variable Rate Bonds, method of interest rate determination) and maturity of authorized denominations, for a like principal amount. Any Capital Appreciation Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations. Any other Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate principal amount of Bonds of the same series, type, interest rate and maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the applicable Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided* that (a) the aggregate original principal amount of outstanding Capital Appreciation Bonds of each series, maturity and yield to maturity authenticated by the applicable Bond Registrar shall not exceed the authorized aggregate original principal amount of Capital Appreciation Bonds of such series and maturity less previous retirements and (b) the principal amount of Current Interest Bonds or Variable Rate Bonds of each series, maturity and interest rate (or interest rate determination method) authenticated by the applicable Bond Registrar shall not exceed the authorized principal amount of Current Interest Bonds or Variable Rate Bonds for such series, maturity and interest rate (or interest rate determination method) less previous retirements.

The applicable Bond Registrar shall not be required to transfer or exchange (a) any Bond after notice calling such Bond for redemption has been mailed, or (b) any Bond during a period of 15 days next preceding mailing of a notice of redemption of such Bond; *provided, however,* that provisions relating to the transfer or exchange of Variable Rate Bonds of a series shall be as determined by an Authorized Officer at the time of the sale thereof and may be set

forth in the trust indenture securing such series of Variable Rate Bonds as authorized in Section 2 hereof.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the Compound Accreted Value of, principal of, redemption premium, if any, or interest on any Bond, as appropriate, shall be made only to or upon the order of the registered owner thereof or its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the applicable Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except that no such payment may be required in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Book-Entry Only System.* If so determined and directed by an Authorized Officer in connection with the sale of any of the Bonds, such Bonds may be issued in book-entry only form. In connection with the issuance of Bonds in book-entry only form, an Authorized Officer is authorized to execute and deliver to the book-entry depository selected by such Authorized Officer such depository's standard form of representation letter. If any of the Bonds are registered in the name of a securities depository which uses a book-entry system, the standing of the beneficial owner to enforce any of the covenants herein may be established through the books and records of such securities depository or a participant therein.

(c) *Bonds Lost, Destroyed, etc.* If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the applicable Bond Registrar may authenticate a new Bond of like series, date, maturity date, interest rate (or, in the case of Capital Appreciation Bonds, yield to maturity, and in the case of Variable Rate Bonds, method of interest rate determination), denomination and original principal amount (in the case of Capital Appreciation Bonds) or principal amount (in the case of other Bonds) and bearing a number not contemporaneously outstanding; *provided* that (i) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the applicable Bond Registrar, and (ii) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the applicable Bond Registrar evidence of such loss or destruction, together with indemnification of the City and such Bond Registrar, satisfactory to such Bond Registrar. If any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond, the applicable Bond Registrar shall pay the same without surrender thereof if there shall be first furnished to such Bond Registrar evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the applicable Bond Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(d) *Redemption and Repurchase.* The Bonds may be made subject to redemption prior to maturity at the option of the City, in whole or in part on any date, at such times and at such redemption prices (to be expressed as a percentage of the principal amount of Current Interest Bonds or Variable Rate Bonds being redeemed or as a formula as described below and expressed as a percentage of the Compound Accreted Value of Capital Appreciation Bonds to be redeemed or as a formula as described below) not to exceed 105 percent, plus, in the case of Current Interest Bonds and Variable Rate Bonds, accrued interest to the date of redemption, as determined by an Authorized Officer at the time of the sale thereof.

Notwithstanding the foregoing, such 105 percent limitation on the redemption price of Bonds shall not apply where the redemption price is based upon a formula designed to compensate the owner of the Bonds to be redeemed based upon prevailing market conditions on the date fixed for redemption, commonly known as a "make-whole" redemption price (the "*Make-Whole Redemption Price*"). At the time of sale of the Bonds, an Authorized Officer shall determine the provisions of the formula to be used to establish any Make-Whole Redemption Price, which may vary depending on whether the Bonds are issued on a taxable or tax-exempt basis. An Authorized Officer shall confirm and transmit the applicable Make-Whole Redemption Price on such dates and to such parties as shall be necessary to effectuate such redemption.

If fewer than all of the outstanding Bonds of a series are to be optionally redeemed, the Bonds to be called shall be called from such maturities and interest rates of such series as may be determined by an Authorized Officer.

Certain of the Bonds of a series may be made subject to mandatory redemption, at par and accrued interest to the date fixed for redemption, as determined by an Authorized Officer at the time of the sale thereof.

An Authorized Officer is hereby authorized to sell (at a price determined by such Authorized Officer to be in the best interests of the City) or waive any right the City may have to call any of the Bonds or Outstanding Indebtedness for optional redemption, in whole or in part, and is hereby further authorized to expend the proceeds of any such sales for any purpose for which the proceeds of the Bonds are authorized to be expended and for the payment or prepayment of any City debt obligations whether issued before or after the date of adoption of this Ordinance, all as determined by an Authorized Officer; *provided however,* to the extent that interest on such Bonds or Outstanding Indebtedness is excluded from gross income for federal income tax purposes, such expenditures shall not adversely affect such exclusion. If determined to be necessary or appropriate, an Authorized Officer is authorized to solicit the consent of holders of outstanding Bonds or Outstanding Indebtedness to any such sale or waiver.

Retail Bonds may be made subject to repurchase by the City upon the demand of certain holders thereof at a price of not to exceed 105 percent of par, as more fully described in Section 12 hereof.

At the time of sale of Bonds of a series, an Authorized Officer is authorized to determine the manner of redeeming such Bonds, either by lot in the manner hereinafter provided or pro-rata in the manner determined by an Authorized Officer at the time of sale, in the event less than all of the Bonds of the same series, maturity and interest rate are to be redeemed.

The Current Interest Bonds shall be redeemed only in amounts equal to the respective minimum authorized denominations and integral multiples thereof and the Capital Appreciation Bonds shall be redeemed only in amounts representing the respective minimum authorized Maturity Amounts and integral multiples thereof. In the event of the redemption of fewer than all the Bonds of the same series, maturity and interest rate by lot, the aggregate principal amount or Maturity Amount (as appropriate) thereof to be redeemed shall be the minimum authorized denomination or Maturity Amount (as appropriate) for such series or an integral multiple thereof, and the applicable Bond Registrar shall assign to each Bond of such series, maturity and interest rate, a distinctive number for each minimum authorized denomination or Maturity Amount (as appropriate) of such Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum authorized denomination or Maturity Amount (as appropriate) for each number, shall equal the principal amount or Maturity Amount (as appropriate) of such Bonds to be redeemed. In such case, the Bonds to be redeemed shall be those to which were assigned numbers so selected; *provided* that only so much of the principal amount or Maturity Amount (as appropriate) of each Bond shall be redeemed as shall equal such minimum authorized denomination or Maturity Amount (as appropriate) for each number assigned to it and so selected. In the event of the redemption of fewer than all Bonds of the same series, maturity and interest rate on a pro-rata basis, if the Bonds are held in book-entry form at the time of redemption, at the time of sale of the Bonds, an Authorized Officer is authorized to direct the Bond Registrar to instruct the book-entry depository to select the specific Bonds within such maturity and interest rate for redemption pro-rata among such Bonds. The City shall have no responsibility or obligation to ensure that the book-entry depository properly selects such Bonds for redemption.

The City shall, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the applicable Bond Registrar), notify the applicable Bond Registrar of such redemption date and of the principal amount or Maturity Amount (as appropriate) of Bonds of such series to be redeemed.

In connection with any mandatory redemption of Bonds of a series as authorized above, the principal amounts of Bonds (or the Compound Accreted Value of the Capital Appreciation Bonds) of such series to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds of such series credited against future mandatory redemption requirements in such order of the mandatory redemption dates as an Authorized Officer may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date of Bonds of a series, the applicable Bond Registrar may, and if directed by an Authorized Officer shall, purchase Bonds of such series required to be retired on such mandatory redemption date at such prices as an Authorized Officer shall determine. Any such Bonds so purchased shall be cancelled and the principal amount (or Compound Accreted Value, as appropriate) thereof shall be credited

against the payment required on such next mandatory redemption date with respect to such series of Bonds.

The applicable Bond Registrar shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount, Compound Accreted Value or Maturity Amount (as appropriate) thereof, and the interest rate thereof to be redeemed.

Subject to the limitation on redemption price set forth above, in the case of redemption of any Variable Rate Bonds, the terms of such redemption shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

Section 4. Except as may otherwise be determined as provided below for Variable Rate Bonds, unless waived by any owner of Bonds to be redeemed, notice of the call for any such redemption shall be given by the applicable Bond Registrar on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the applicable Bond Register or at such other address as is furnished in writing by such registered owner to such Bond Registrar, but the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. Any notice of redemption mailed as provided in this Section shall be conclusively presumed to have been given whether or not actually received by the addressee. In the case of redemption of any Variable Rate Bonds of a series, the time and manner of giving such notice shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

All notices of redemption shall state:

(1) the series designation of the Bonds to be redeemed,

(2) the redemption date,

(3) the redemption price, or in the case of a redemption of Bonds at a Make-Whole Redemption Price, a description of the formula by which the redemption price shall be determined,

(4) if less than all outstanding Bonds of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates, Compound Accreted Values or Maturity Amounts) of the Bonds to be redeemed,

(5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date,

(6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the applicable Bond Registrar, and

(7) such other information as shall be deemed necessary by the applicable Bond Registrar at the time such notice is given to comply with law, regulation or industry standard.

With respect to an optional redemption of any series of Bonds, such notice may state that said redemption is conditioned upon the receipt by the applicable Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds of such series. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Bonds and the applicable Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for a series of Bonds, the City shall deposit with the applicable Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions thereof of such series which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited) such Bonds, or portions thereof, shall cease to bear, accrue or compound interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the applicable Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption (i) of any Current Interest Bond or Variable Rate Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate or, in the case of Variable Rate Bonds, method of interest rate determination, and maturity in the amount of the unpaid principal or (ii) of any Capital Appreciation Bond, there shall be prepared for the registered owner a new Capital Appreciation Bond or Bonds of the same series, Yield to Maturity and maturity date in the amount of the unpaid Maturity Amount.

If any Current Interest Bond or Variable Rate Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption. If any Capital Appreciation Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the Compound Accreted

Value at such redemption date shall continue to accrue interest from such redemption date at the Yield to Maturity borne by such Capital Appreciation Bond, or portion thereof, so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the applicable Bond Registrar and shall not be reissued.

If any Bond is not presented for payment when the principal amount, Compound Accreted Value or Maturity Amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Bond are held by the applicable Bond Registrar for the benefit of the registered owner of such Bond, such Bond Registrar shall hold such moneys for the benefit of the registered owner of such Bond without liability to the registered owner for interest. The registered owner of such Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Bond.

Section 5. The Capital Appreciation Bonds and the Current Interest Bonds of each series shall be prepared in substantially the following forms with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Bonds of such series pursuant to Section 12 hereof; *provided* that if the text of any Bond is to be printed in its entirety on the front side of such Bond, then the text shown or appearing on the reverse side of such Bond shall replace paragraph [2] and the legend, "See Reverse Side for Additional Provisions," shall be omitted. The Convertible Bonds shall be prepared incorporating the provisions of the forms of Capital Appreciation Bonds and Current Interest Bonds set forth below as necessary to reflect the terms and provisions of the sale of the Convertible Bonds pursuant to Section 12 hereof. The Variable Rate Bonds shall be prepared in substantially the form of the Current Interest Bonds set forth below, or as provided in the applicable trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof, with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Variable Rate Bonds pursuant to Section 12 hereof.

All Bonds may be prepared with such insertions and revisions as shall be necessary in connection with the issuance of such Bonds as Retail Bonds or Direct Purchase Bonds.

[Form of Capital Appreciation Bond — Front Side]

REGISTERED
NO. _____

$_____
Compound Accreted
Value at Maturity
("*Maturity Amount*")

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND
SERIES ____

See Reverse Side for Additional Provisions

MATURITY	YIELD TO MATURITY	ORIGINAL PRINCIPAL AMOUNT PER $_____,000 MATURITY AMOUNT:	DATED DATE	CUSIP
_____, 20__	_____%	$_____	_____, 20__	

Registered Owner:

The City of Chicago (the "*City*") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Maturity Amount identified above. The amount of interest payable on this Bond on the Maturity Date hereof is the amount of interest accrued from the Dated Date hereof at a semiannual compounding rate necessary to produce the Yield to Maturity set forth above, compounded semiannually on each January 1 and July 1, commencing _____ 1, 20__. The Maturity Amount of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office of _____, Chicago, Illinois, or its successor, as bond registrar and paying agent (the "*Bond Registrar*"). The Compound Accreted Value of this Bond per $_____,000 Maturity Amount on January 1 and July 1 of each year, commencing _____ 1, 20__, determined by the semiannual compounding described in this paragraph shall be as set forth in the Table of Compound Accreted Value Per $_____,000 of Compound Accreted Value at Maturity contained herein.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the Maturity Amount hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)
Mayor
City of Chicago

Attest:

(Facsimile Signature)
City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, ____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series ____, of the City of Chicago.

(Manual Signature)
Authorized Officer

[Form of Capital Appreciation Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES ____

For the prompt payment of the Maturity Amount of this Bond as the same becomes due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the original principal amount of $_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the *"Bond Ordinance"*).

The Bonds maturing on or after January 1, ____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, ____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities as shall be determined by the City, and if less than all of the Bonds of the same maturity and yield to maturity are to be redeemed, then [by lot] [pro-rata] for the Bonds of the same maturity and yield to maturity in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the Compound Accreted Value of the Bonds to be redeemed) set forth below:

DATES OF REDEMPTION	REDEMPTION PRICE

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the aggregate Maturity Amount thereof to be redeemed shall be $_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and yield to maturity a distinctive number for each $_____,000 Maturity Amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at $_____,000 for each number, shall equal the Maturity Amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided* that only so much of the Maturity Amount of each Bond shall be redeemed as shall equal $_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not fewer than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to accrue interest on the specified redemption date; *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same maturity and yield to maturity and for the same aggregate Original Principal Amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in Original Principal Amounts representing $_____,000 Maturity Amount or any integral multiple thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate Original Principal Amount of Bonds of the same series and maturity, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the Maturity Amount hereof and redemption premium, if any, hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

* * *

TABLE OF COMPOUND ACCRETED VALUE
PER $_____,000 OF COMPOUND ACCRETED VALUE AT MATURITY

* * *

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

_____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

[Form of Current Interest Bond — Front Side]

REGISTERED
NO. _____ $_____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND
SERIES ____

See Reverse Side for Additional Provisions

Interest Rate: ____%	Maturity Date: January 1, 20__	Dated Date: _____, 20__	CUSIP: _____

Registered Owner:

Principal Amount:

The City of Chicago (the "*City*") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing _____ 1, 20__, until said Principal Amount is paid. Principal of this Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of _____, Chicago, Illinois, as bond registrar and paying agent (the "*Bond Registrar*"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar or, at the option of any Registered Owner of $1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner hereof shall request in writing to the Bond Registrar.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)
Mayor
City of Chicago

Attest:

(Facsimile Signature)
City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, ____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series ____, of the City of Chicago.

By: (Manual Signature)

Authorized Officer

[Form of Current Interest Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES ____

For the prompt payment of this Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the principal amount of $_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the *"Bond Ordinance"*).

The Bonds maturing on or after January 1, ____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, ____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Bonds of a single maturity and the same interest rate are to be redeemed then [by lot] [pro-rata] within such maturity and interest rate in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

DATES OF REDEMPTION	REDEMPTION PRICE

The Bonds maturing on January 1, ____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, and the Bonds maturing on January 1, ____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, in each case at par and accrued interest to the date fixed for redemption.

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be $_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and interest rate a distinctive number for each $_____,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at $_____,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected;

provided that only so much of the principal amount of each Bond shall be redeemed as shall equal $_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all of the Bonds of like maturity and interest rate, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to bear interest on the specified redemption date, *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same interest rate, series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in the denomination of $_____,000 each or authorized integral multiples thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same interest rate, series and maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

_____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. Each Bond shall be a direct and general obligation of the City for the payment of which (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) the City pledges its full faith and credit. Each Bond shall be payable (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the Pledged Taxes (as defined in Section 7 hereof).

Section 7. For the purpose of providing the funds required to pay as the same become due (i) the principal of and interest and redemption premium, if any, on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) the purchase price of Bonds that are subject to optional or mandatory tender for purchase by the owners thereof, to the extent not otherwise provided for pursuant to the terms of a Credit Facility (as defined in Section 12 hereof), (iii) such amounts as may be payable under Interest Rate Exchange Agreements (as defined in Section 14(a) hereof) from the direct annual tax described below, (iv) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof, (v) any Line of Credit Indebtedness, (vi) the principal of and interest on General Obligation Commercial Paper Notes and (vii) to the extent determined by an Authorized Officer to be necessary or desirable, periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Bonds, the Outstanding Indebtedness, the Existing Interest Rate Exchange Agreements or Interest Rate Exchange Agreements, including any QIR and parties such as those identified by an Authorized Officer in a notification of sale as described in Section 12 hereof and parties providing similar ongoing services, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the Bonds (the *"Ongoing Financing*

Services"), there is hereby levied and there shall be collected a direct annual tax upon all taxable property in the City for the years and in the amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
2013	$150,000,000	2034	$150,000,000
2014	150,000,000	2035	150,000,000
2015	150,000,000	2036	150,000,000
2016	150,000,000	2037	150,000,000
2017	150,000,000	2038	150,000,000
2018	150,000,000	2039	150,000,000
2019	150,000,000	2040	150,000,000
2020	150,000,000	2041	150,000,000
2021	150,000,000	2042	150,000,000
2022	150,000,000	2043	150,000,000
2023	150,000,000	2044	150,000,000
2024	150,000,000	2045	150,000,000
2025	150,000,000	2046	150,000,000
2026	150,000,000	2047	150,000,000
2027	150,000,000	2048	150,000,000
2028	150,000,000	2049	150,000,000
2029	150,000,000	2050	150,000,000
2030	150,000,000	2051	150,000,000
2031	150,000,000	2052	150,000,000
2032	150,000,000	2053	150,000,000
2033	150,000,000	2054	150,000,000

; *provided* that collections of such levy for any year in an amount in excess of that necessary to make the payments described in clauses (i) through (vii), above (a) may be used for any lawful public purpose designated by the City Council or (b) may be reduced and abated by an Authorized Officer if such reduction is deemed desirable by an Authorized Officer in connection with the sale or sales of the Bonds, in each case as determined from time to time by an Authorized Officer as provided in Section 12 hereof.

The tax levy made in this Section is not subject to the "*Aggregate Levy*" limitation contained in the Chicago Property Tax Limitation Ordinance contained in Chapter 3-92 of the Municipal Code of Chicago (the "*Municipal Code*"), and Section 3-92-020 of the Municipal Code is hereby superseded to exclude the tax levy herein from the definition of "Aggregate Levy" contained therein.

The term "*Pledged Taxes*" means (i) the taxes hereinabove levied for collection for the purpose of providing the funds necessary to make the payments described in clauses (i) through (vii) of the first paragraph of this Section 7, and (ii) subject to the provisions of Section 15 hereof, the proceeds of taxes levied for the years from and after 2012 in connection with the issuance of the Outstanding Indebtedness to the extent such tax collections are not

necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, and the term *"Pledged Taxes"* shall also include any amounts deposited into the hereinafter-defined Bond Fund or deposited with the Ad Valorem Tax Escrow Agent (as hereinafter defined) by an Authorized Officer for the purpose of paying principal of and interest on the Bonds and any accrued interest received and deposited in the Bond Fund or the Ad Valorem Tax Escrow Account, if established pursuant to Section 9 hereof.

As provided in Section 12 or otherwise, the City reserves the right to abate all or a portion of the Pledged Taxes required to be levied in any year if and to the extent on or before March 31 of the next succeeding calendar year (or such earlier date as may be required by law), the City has on hand amounts dedicated to the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of this Section 7 due during the one-year period commencing on January 2 of such succeeding calendar year. The City may, but shall not be required to, cause the extension and collection of the Pledged Taxes for the payment when due of any Line of Credit Indebtedness or the principal of and interest on General Obligation Commercial Paper Notes or cause the levy or extension in any year of taxes for the payment of the costs of Ongoing Financing Services.

Section 8. The City shall appropriate or otherwise provide amounts sufficient to pay (i) principal of and interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof to the payment of which the City has pledged its full faith and credit and (iii) Interest Rate Exchange Agreements to the payment of which the City has pledged its full faith and credit for the years such amounts are due, and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 9. Each Authorized Officer is authorized to establish one or more special accounts, if determined to be necessary in connection with the sale of any of the Bonds, separate and segregated from all other funds and accounts of the City, which shall either be (i) held by an Authorized Officer (each a *"Bond Fund"*) or (ii) maintained with a bank or trust company to be designated by an Authorized Officer (each an *"Ad Valorem Tax Escrow Account"*) pursuant to an escrow agreement (each an *"Ad Valorem Tax Escrow Agreement"*), between the City and the applicable Escrow Agent named therein (each an *"Ad Valorem Tax Escrow Agent"*), and one or more of the Mayor or an Authorized Officer are hereby authorized to execute and deliver one or more Ad Valorem Tax Escrow Agreements in connection with the sale of the Bonds in such form as the officers so executing such agreement may deem appropriate in accordance with the provisions of this Ordinance.

In lieu of the proceeds of such taxes being deposited with the City Treasurer, any such Ad Valorem Tax Escrow Agreement may authorize the County Collectors of Cook and DuPage

Counties, Illinois to deposit the proceeds of such taxes directly into the applicable Ad Valorem Tax Escrow Account, if such Account has been created.

Section 10. If the Pledged Taxes to be applied to the payment of the Bonds are not available in time to make any payments of principal of or interest on the Bonds when due, then the appropriate fiscal officers of the City are hereby directed to make such payments from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advancement of the collection of such Pledged Taxes, and when the proceeds thereof are received, such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 11. A copy of this Ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks"), and such filing shall constitute the authority for and it shall be the duty of said County Clerks, in each year beginning in 2014, to and including 2055, to extend the taxes levied pursuant to Section 7 hereof for collection in such year, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

A copy of this Ordinance, duly certified by the City Clerk, shall also be filed with each applicable Ad Valorem Tax Escrow Agent, if any, each applicable Bond Registrar, and if the County Collectors of Cook and DuPage Counties are authorized to deposit the proceeds of the taxes levied pursuant to Section 7 hereof directly with an Ad Valorem Tax Escrow Agent pursuant to Section 9 hereof, with such County Collectors.

Section 12. Each Authorized Officer is hereby authorized to sell all or any portion of the Bonds, other than the Retail Bonds and the Direct Purchase Bonds which shall be sold as provided in the following two paragraphs, from time to time to or at the direction of an underwriter or group of underwriters to be selected by such Authorized Officer (the *"Underwriters"*), with the concurrence of the Chairman of the Committee on Finance of the City Council (the *"Chairman"*), on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations set forth in this Ordinance.

Each Authorized Officer is hereby authorized to sell Retail Bonds from time to time on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations contained in this Ordinance and, in connection therewith, to appoint an agent or group of agents to be selected by such Authorized Officer (the *"Selling Agents"*), with the concurrence of the Chairman, for the purpose of soliciting purchases of the Retail Bonds by individual investors, each sale of Retail Bonds solicited by the Selling Agents to be made with the concurrence of the Chairman.

The Bonds may be sold as Direct Purchase Bonds in a manner and containing such terms authorized by an Authorized Officer, including pursuant to a placement agent arrangement, to a purchaser or purchasers other than the Underwriters (the *"Direct Purchasers"*), such Direct Purchasers to be selected by an Authorized Officer and such sale

being permitted at a price of not less than 97 percent of the principal amount of the Direct Purchase Bonds being sold. The Mayor or an Authorized Officer is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Direct Purchase Bonds.

The principal amount of and the interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds and based on reasonable estimates of the interest to be paid on Variable Rate Bonds) sold of each series and maturity in the aggregate (after taking into account mandatory redemptions) shall not exceed the amount levied therefor as specified in Section 7 hereof. The Bonds may be sold from time to time as an Authorized Officer shall determine that the proceeds of such sales are needed.

Either Authorized Officer is hereby authorized and directed to cause all necessary notices of redemption of the Outstanding Indebtedness selected for refunding as provided above to be given in accordance with the terms of the respective ordinances or indentures, as applicable, authorizing the Outstanding Indebtedness.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract of purchase with respect to each sale of the Bonds (i) to, or at the direction of, the Underwriters or (ii) to the Direct Purchasers, in substantially the form previously used for similar general obligation bonds of the City (the *"Contract of Purchase"*), with appropriate revisions to reflect the terms and provisions of the Bonds and such other revisions in text as the Mayor or an Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The compensation paid to the Underwriters in connection with any sale of Bonds shall not exceed three percent of the principal amount of the Bonds being sold. Nothing contained in this Ordinance shall limit the sale of the Bonds or any maturity or maturities thereof at a price or prices in excess of the principal amount thereof.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract with Selling Agents pursuant to which the Selling Agents shall solicit purchases of the Retail Bonds by individual investors (a *"Selling Agent Agreement"*) substantially in the form of the selling agent agreement previously entered into by the City in connection with the sale of Retail Bonds, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions. The aggregate compensation paid to the Selling Agents pursuant to any Selling Agent Agreement shall not exceed three percent of the principal amount of the Retail Bonds sold pursuant to such Selling Agent Agreement. The terms of any Selling Agent Agreement may provide for the delegation by an Authorized Officer to one or more Deputy Comptrollers of authority to approve the final terms of sale of any Retail Bonds pursuant to such Selling Agent Agreement within parameters established by an Authorized Officer consistent with the terms and limitations of this Ordinance. Any Selling Agent Agreement may also contain provisions pursuant to which a person receiving an ownership interest in any Retail Bonds through the death of a Bondholder shall have the right to sell such Retail Bonds back to the City at a price of not to exceed 105 percent of par and setting forth the terms and conditions of the exercise of such right. The Mayor or an Authorized

Officer (or delegate as authorized above) is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Retail Bonds from time to time pursuant to a Selling Agent Agreement, including any such document, agreement or certificate necessary to describe the terms of Retail Bonds then being sold.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to obtain one or more policies of bond insurance from recognized bond insurers selected by an Authorized Officer, if such Authorized Officer determines such bond insurance to be desirable in connection with such sale of the Bonds. Either Authorized Officer may, on behalf of the City, make covenants with such bond insurer that are not inconsistent with the provisions of this Ordinance and are necessary to carry out the purposes of this Ordinance.

In connection with any sale of the Bonds, the Mayor or an Authorized Officer is hereby authorized to obtain one or more letters of credit, lines of credit, standby bond purchase agreements, or similar credit or liquidity facilities (a "*Credit Facility*") with one or more financial institutions. The Mayor or an Authorized Officer is hereby authorized to enter into a reimbursement agreement and/or standby bond purchase agreement and to execute and issue a promissory note in connection with the provisions of each Credit Facility. Any Credit Facility, reimbursement agreement or standby bond purchase agreement shall be in substantially the form of the credit facilities, reimbursement agreements and standby bond purchase agreements previously entered into by the City in connection with the sale of general obligation bonds or notes, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such revisions. The annual fee paid to any financial institution that provides a Credit Facility with respect to all or a portion of a series of the Bonds shall not exceed three percent of the average principal amount of such Bonds outstanding during such annual period. The final form of any reimbursement agreement and/or standby bond purchase agreement entered into by the City with respect to the Bonds shall be attached to the notification of sale filed in the office of the City Clerk pursuant to this section. Each such promissory note shall be a general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each promissory note, and any Bond owned or held as collateral by any such financial institution in its capacity as a provider of a Credit Facility shall bear interest at a rate not exceeding 15 percent per annum and shall mature not later than the final maturity date of the related Bonds secured by such reimbursement agreement or standby bond purchase agreement. The Mayor or an Authorized Officer is hereby authorized to execute and deliver any such reimbursement agreement or standby bond purchase agreement, and any amendment thereto or replacement thereof, under the seal of the City affixed and attested by the City Clerk.

In the event that Bonds are sold so as to require the levy of taxes for any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in the first paragraph of Section 7 hereof, then an Authorized Officer shall, on or prior to March 31 (or such earlier date as may be required by law) of the calendar year next

succeeding such year, notify the City Council of the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections, and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year. In the event that upon the final sale of the Bonds of all series, such Bonds have been sold so as to require the levy of taxes in any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in Section 7 hereof, then there shall be included, in the final notification of sale to the City Council described below in this Section 12, the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections for such year and any succeeding year and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year or years. If any of the Bonds are not to be sold and issued as provided herein and no levy collections are to be applied for the purposes of paying the costs of Ongoing Financing Services as determined by an Authorized Officer, the corresponding taxes herein levied to pay debt service thereon shall be abated in full. Any certificate of abatement delivered pursuant to this paragraph shall refer to the amount of taxes levied pursuant to Section 7 hereof, shall indicate the amount of reduction in the amount of taxes levied by the City resulting from the sale or sales of the Bonds or the non-issuance thereof, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which is to be extended for collection by said County Clerks.

The preparation, use and distribution of a preliminary official statement, an official statement or any other disclosure document relating to each sale and issuance of the Bonds are hereby ratified and approved. The Mayor and each Authorized Officer are each hereby authorized to execute and deliver an official statement or other disclosure document relating to each sale and issuance of the Bonds on behalf of the City. The preliminary official statement, official statement and other disclosure documents herein authorized shall be substantially similar to those previously used for general obligation bonds of the City, and shall contain the terms and provisions of the Bonds, the manner in which the Bonds shall be sold, the use of proceeds of the Bonds, financial information for the City, and such other information as the Mayor or any Authorized Officer determines to be advisable under the circumstances.

Subsequent to the sale of any series of Bonds or, in the case of the Retail Bonds, subsequent to the sale of all Bonds that are the subject of a Selling Agent Agreement, an Authorized Officer shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth (i) the series designation, the aggregate principal amount and authorized denominations of, maturity schedule and redemption provisions for the Bonds sold, (ii) the principal amounts of the Bonds sold as Current Interest Bonds, Capital Appreciation Bonds, Convertible Bonds and Variable Rate Bonds, respectively, and whether any of the Bonds are sold as Retail Bonds, (iii) in the case of the sale of the Retail Bonds or Direct Purchase Bonds, the principal amounts of such Bonds sold as Current Interest Bonds, Capitalized Appreciation

Bonds, Convertible Bonds and Variable Rate Bonds, respectively, (iv) in the case of Bonds sold as Capital Appreciation Bonds, (A) the Original Principal Amounts of and Yields to Maturity on the Capital Appreciation Bonds being sold and (B) a table of Compound Accreted Values per minimum authorized Compound Accreted Value at maturity for any Capital Appreciation Bonds being sold, setting forth the Compound Accreted Value of each such Capital Appreciation Bond on each semiannual compounding date, (v) the interest rates on the Current Interest Bonds sold or, in the case of Variable Rate Bonds, a description of the method of determining the interest rate applicable to such Variable Rate Bonds from time to time, (vi) the specific maturities, series and amounts of the Outstanding Indebtedness to be refunded with proceeds of the Bonds, (vii) a description of any Existing Interest Rate Exchange Agreements to be terminated, amended or otherwise modified in connection with the refunding of such Outstanding Indebtedness and identifying any settlement, breakage or termination amount to be paid in connection with each such termination, amendment or modification, (viii) the date on and price at which the Outstanding Indebtedness selected for refunding shall be redeemed (if such redemption shall occur prior to stated maturity or pursuant to mandatory sinking fund redemption), (ix) the disposition of the taxes levied for the years from and after 2012 for the payment of the Outstanding Indebtedness or any Existing Interest Rate Exchange Agreements as authorized by Section 15 hereof, (x) the identity of the insurer or insurers issuing the insurance policy or policies, if any, referred to below, and the identity of the provider or providers of one or more Credit Facilities, if any, for such Bonds, (xi) the identity of the Underwriters (or, in the case of Retail Bonds, the Selling Agents and in the case of Direct Purchase Bonds, the Direct Purchasers) selected for such Bonds, (xii) the identity of the applicable Bond Registrar and any trustee or trustees selected by an Authorized Officer for such Bonds, (xiii) the identity of any remarketing agent retained in connection with the issuance of Variable Rate Bonds, if any, (xiv) the compensation paid to the Underwriters (or, in the case of Retail Bonds, the Selling Agents) in connection with such sale, (xv) the identity of any Refunding Escrow Agent (as defined in Section 13(b) hereof) appointed by an Authorized Officer in connection with the refunding of Outstanding Indebtedness, and (xvi) any other matter authorized by this Ordinance to be determined by an Authorized Officer at the time of the sale of the Bonds of each series.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to execute and deliver one or more Continuing Disclosure Undertakings (each a *"Continuing Disclosure Undertaking"*) evidencing the City's agreement to comply with the requirements of Section (b)(5) of Rule 15c2-12, adopted by the Securities and Exchange Commission (the *"SEC"*) under the Securities Exchange Act of 1934, in a form approved by the Corporation Counsel. Upon its execution and delivery on behalf of the City as herein provided, each Continuing Disclosure Undertaking will be binding on the City, and the officers, employees and agents of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Continuing Disclosure Undertaking as executed. Either Authorized Officer is hereby further authorized to amend each Continuing Disclosure Undertaking in accordance with its respective terms from time to time following its execution and delivery as said officer shall deem necessary. In addition, an Authorized Officer is authorized to make all future filings with the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board or such other municipal securities information repository as shall be designated by the SEC, all in

accordance with the provisions of Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. Notwithstanding any other provision of this Ordinance, the sole remedies for any failure by the City to comply with any Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any applicable Bond to seek mandamus or specific performance by court order to cause the City to comply with its obligations under such Continuing Disclosure Undertaking.

The Bonds shall be duly prepared and executed in the form and manner provided herein and delivered to the purchasers in accordance with the applicable terms of sale.

The Mayor, each Authorized Officer, the City Treasurer and the City Clerk are each hereby authorized to execute and deliver such other documents and agreements (including such contracts, such intergovernmental agreements or such grant agreements with not-for-profit organizations, educational or cultural institutions or for-profit organizations or to assist the State of Illinois, the United States of America, or other municipal corporations, units of local government or school districts in the State of Illinois, receiving proceeds of the Bonds as an Authorized Officer shall deem necessary and appropriate) and perform such other acts prior to or following the issuance of the Bonds as may be necessary or desirable in connection with the issuance of the Bonds and any transactions contemplated herein related to the application of the proceeds of the Bonds or collections or application of taxes levied for the payment of the Bonds or the Outstanding Indebtedness or other purposes hereunder, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any such actions heretofore taken by the Mayor, an Authorized Officer, the City Treasurer or the City Clerk in accordance with the provisions hereof are hereby ratified and approved. With respect to each grant of Bond proceeds, each Authorized Officer is hereby authorized to designate in writing, with the written concurrence of the Budget Director of the City (the "*Budget Director*"), (i) one or more City departments or agencies to administer such grant, and (ii) the head of the City department or agency who shall be authorized to execute a grant agreement and such other documents, agreements or instruments as shall be deemed necessary or desirable by such City department or agency head. Upon any such written designation by an Authorized Officer with respect to a grant of Bond proceeds, such City department or agency shall be authorized to administer such grant and the head of such City department or agency shall be authorized to execute a grant agreement and such other documents, agreements or instruments as such official shall deem necessary or desirable.

Section 13. The proceeds from the sale of any series of the Bonds shall be used as follows:

(a) The sum representing the accrued interest received, if any, shall be used to pay the first interest becoming due on the Bonds sold, and to that end, shall be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established.

(b) From the sale proceeds derived from any such sale of a series of the Bonds, (i) such sum as may be determined by an Authorized Officer to be necessary to

pay not more than three years of interest on the Bonds issued to pay costs of the Project may be used to pay such interest, and to that end, may be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established; (ii) the sum determined by an Authorized Officer to be necessary to pay the costs of the Project shall be set aside, held and invested at the direction of an Authorized Officer, as separate funds of the City pending such payment, *provided* that proceeds of the Bonds issued to finance the Pension Contributions shall be paid into the Pension Funds as and when required by law; (iii) the sum determined by an Authorized Officer to capitalize or fund interest on Outstanding Indebtedness shall be deposited into the respective debt service funds established for the Outstanding Indebtedness; (iv) the sum determined by an Authorized Officer to be sufficient to pay the Outstanding Indebtedness being refunded at or prior to their respective maturities, at a price of par, the applicable redemption premium and accrued interest thereon up to and including said redemption or maturity dates shall be deposited into the respective debt service funds established for the Outstanding Indebtedness or into one or more "Refunded Bonds Escrow Accounts" to be held by one or more banks or trust companies to be designated by an Authorized Officer (each a *"Refunding Escrow Agent"*), each pursuant to the terms of an escrow agreement (each a *"Refunding Escrow Agreement"*), and the Mayor, an Authorized Officer and the City Clerk, or any of them, are hereby authorized to execute and deliver each Refunding Escrow Agreement, and any amendment thereto, in such form as the officer so executing shall deem appropriate to effect the refunding or refundings described in this paragraph and (v) the sum determined by an Authorized Officer to be sufficient to provide for the payment of any settlement, breakage or termination amount payable in connection with the termination, amendment or modification of an Existing Interest Rate Exchange Agreement shall be paid to the City's counterparty or counterparties thereunder. Notwithstanding any provision of the Municipal Code, investments acquired with proceeds of the Bonds or investment income thereon may mature beyond ten years from the date of acquisition, and may include but are not limited to agreements entered into between the City and providers of securities under which agreements such providers agree to purchase from or sell to the City specified securities on specific dates at predetermined prices, all as established at the time of execution of any such agreement and as set forth in such agreement, and guaranteed investment contracts, forward purchase agreements and other similar investment vehicles. Such guaranteed investment contracts, forward purchase agreements and other similar investment vehicles may, to the extent permitted by operative authorizing documents and by applicable law, be assigned or transferred from one bond transaction to another or apply to the proceeds of more than one bond transaction on a commingled or non-commingled basis, as determined by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, as may be necessary or desirable in this respect. Investment income derived from Bond proceeds may be (w) expended for the same purposes for which Bond proceeds may be expended, (x) used for the payment or prepayment of City debt obligations, (y) deposited in the Corporate Fund of the City or (z) rebated to the United States of America as

provided in Section 16 hereof, all as determined by an Authorized Officer or the Budget Director. Any commingled investment income from guaranteed investment contracts, forward purchase agreements and other similar investment vehicles shall be apportioned among bond transactions as determined by an Authorized Officer or as otherwise required by operative authorizing documents and applicable law.

(c) From the sale proceeds of a series of the Bonds not applied as provided in paragraphs (a) and (b), above, the amount deemed necessary by an Authorized Officer shall be applied to the payment of the costs of issuance of such Bonds, including the premium or fee for bond insurance or other credit or liquidity enhancement, if any, and any unexpended portion of the sale proceeds shall be paid to the City.

The costs of the Project may be paid directly by the City or may be financed by the making of grants for the implementation of the Project to (i) not-for-profit organizations, educational or cultural institutions or for-profit organizations, (ii) the United States of America, (iii) the State of Illinois or (iv) other units of local government, political subdivisions, municipal corporations or school districts in the State of Illinois, including any operating division thereof, all as determined by an Authorized Officer.

An Authorized Officer shall report to the City Council with respect to the expenditure of the proceeds of each series of the Bonds issued hereunder to pay the costs of the Project. Such reports shall be made no later than August 1 of each year, commencing August 1, 2014, with respect to expenditures made during the preceding calendar year. No report shall be required hereunder following any calendar year in which no proceeds of any series of the Bonds are expended to pay costs of the Project.

Section 14. (a) The Mayor or an Authorized Officer is hereby authorized to execute and deliver, with respect to all or any portion of the Outstanding Indebtedness, the Bonds, and any General Obligation Indebtedness (as defined below) that may be issued in the future (collectively, "*City Indebtedness*"), from time to time one or more agreements, or options to enter into such agreements, with counterparties selected by an Authorized Officer, the purpose of which is to provide to the City (i) an interest rate basis, cash flow basis, or other basis different from that provided in the related City Indebtedness for the payment of interest or (ii) with respect to a future delivery of general obligation bonds, notes or commercial paper (collectively, "*General Obligation Indebtedness*"), one or more of a guaranteed interest rate, interest rate basis, cash flow basis, or purchase price (such agreements or options to enter into such agreements being collectively referred to as "*Interest Rate Exchange Agreements*"). Interest Rate Exchange Agreements include without limitation agreements or contracts commonly known as interest rate exchange, swaps, including forward starting swaps, collar, caps, or derivative agreements, forward payment conversion agreements, interest rate locks, forward bond purchase agreements, bond warrant agreements, or bond purchase option agreements and also include agreements granting to the City or a counterparty an option to enter into any of the foregoing and agreements or contracts providing for payments based on levels of or changes in interest rates, including a change in an interest rate index, to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure. The

stated aggregate notional amount (net of offsetting transactions) under all Interest Rate Exchange Agreements related to certain City Indebtedness shall not exceed the principal amount of such City Indebtedness to which such Interest Rate Exchange Agreements relate. For purposes of the immediately preceding sentence, *"offsetting transactions"* shall include any transaction which is intended to hedge, modify or otherwise affect another outstanding transaction or its economic results. The offsetting transaction need not be based on the same index or rate option as the related City Indebtedness or the transaction being offset and need not be with the same counterparty as the transaction being offset. Examples of offsetting transactions include, without limitation, a floating-to-fixed rate interest rate swap being offset by a fixed-to-floating rate interest rate swap, and a fixed-to-floating rate interest rate swap being offset by a floating-to-fixed rate interest rate swap or an interest rate cap or floor or a floating-to-floating interest rate swap.

Any Interest Rate Exchange Agreement to the extent practicable shall be in substantially the form of either the 2002 ISDA Master Agreement or the Local Currency — Single Jurisdiction version or the Multicurrency — Cross Border version of the 1992 ISDA Master Agreement (including a Schedule and/or a Credit Support Annex to such Schedule, if applicable) published by ISDA or any successor form to either published by ISDA, and in the appropriate confirmations of transactions governed by the applicable agreement, with such insertions, completions and modifications thereof as shall be approved by the officer of the City executing the same, his or her execution to constitute conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Should any ISDA form not be the appropriate form to accomplish the objectives of the City under this Section 14, then such other agreement as may be appropriate is hereby approved, the execution by the Mayor or an Authorized Officer being conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Amounts payable by the City under any Interest Rate Exchange Agreement shall (i) constitute a general obligation of the City for which is pledged its full faith and credit, (ii) be payable from a tax unlimited as to rate or amount that may have heretofore or shall be hereafter levied by the City Council (including, with respect only to an Interest Rate Exchange Agreement relating to the Bonds, the tax levy described in Section 7 hereof), (iii) constitute operating expenses of the City payable from any monies, revenues, income, assets or funds of the City available for such purpose, or (iv) constitute any combination of (i), (ii), and (iii), all as shall be determined by an Authorized Officer. Nothing contained in this Section 14 shall limit or restrict the authority of the Mayor or an Authorized Officer to enter into similar agreements pursuant to prior or subsequent authorization of the City Council.

The Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any Interest Rate Exchange Agreement upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from proceeds of sale of the Bonds or General Obligation Indebtedness or from any lawfully available funds of the City.

Any amounts received by the City pursuant to any Interest Rate Exchange Agreement (other than regularly scheduled payment amounts) are hereby authorized to be expended for any purpose for which the proceeds of the related City Indebtedness are authorized to be expended and for the payment or prepayment of any City Indebtedness, all as determined by an Authorized Officer.

In addition to the foregoing, the Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any agreement of the type described herein as an Interest Rate Exchange Agreement with respect to any Outstanding Revenue Indebtedness upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from the sources provided for the payment of such agreements in the proceedings authorizing the Outstanding Revenue Indebtedness to which such agreements relate or from any other lawfully available funds of the City.

(b) It is necessary and in the best interests of the City to avail itself of the services of Swap Providers under the statutory and regulatory regime contained in the Dodd-Frank Act and the CFTC Regulations and in connection therewith, in addition to the amendments to the Municipal Code contained in Section 26 hereof, the Mayor and each Authorized Officer are each hereby authorized to execute and deliver (i) the ISDA Protocol Documentation in the form at the time prescribed by ISDA, which may include, among other documentation, the ISDA DF Protocol Agreement, the ISDA DF Supplement, the ISDA DF Protocol Questionnaire and related Addenda and (ii) one or more bilateral agreements with one or more providers of Interest Rate Exchange Agreements (each, a *"Bilateral Agreement"*), which Bilateral Agreements shall be responsive to the applicable provisions of the Dodd-Frank Act and the CFTC Regulations and contain provisions similar to those in the ISDA Protocol Documentation. The ISDA Protocol Documentation and the Bilateral Agreements shall be executed in the forms as described above, in each case with such revisions, insertions, completions and modifications therein as shall be approved by the Mayor or Authorized Officer executing the same that are not inconsistent with the terms and provisions of this Ordinance, such execution to constitute conclusive evidence of the approval of the Mayor or Authorized Officer executing the same and this City Council of such revisions, insertions, completions and modifications thereof.

Section 15. The taxes levied for the years from and after 2012 for the payment of the Outstanding Indebtedness or amounts due under any Existing Interest Rate Exchange Agreement, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof or for the payment of amounts due under an Existing Interest Rate Exchange Agreement due to the termination of such Existing Interest Rate Exchange Agreement as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied (A) as set forth in the next paragraph or (B) to any other lawful public purpose of the City designated by the City Council including (i) the purposes set forth in clauses (i), (ii), (iii), (iv), (v) and (vi) of the first paragraph of Section 7 of this Ordinance, (ii) the payment of the costs of any capital projects for which funds have been lawfully appropriated or (iii) the abatement of such taxes. There shall be

prepared by an Authorized Officer and filed with the County Clerks a certificate of reduction of taxes heretofore levied for the payment of the Outstanding Indebtedness selected for refunding by an Authorized Officer as provided in Sections 12 and 13 hereof and directing the abatement of the taxes heretofore levied to pay the Outstanding Indebtedness being refunded, including the taxes levied for the years from and after 2012, if so determined by an Authorized Officer as provided in the preceding sentence. In addition, any proceeds of the Outstanding Indebtedness being held for the payment of the Outstanding Indebtedness, to the extent such proceeds are not necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied to any lawful public purpose of the City designated by the City Council, including the payment of the Bonds (but in the case of Bonds the interest on which is excluded from gross income for federal income tax purposes, only upon receipt by the City of an opinion of Bond Counsel to the effect that such will not adversely affect the tax-exempt status of the Bonds).

Furthermore, notwithstanding any other provision hereof, taxes levied for the years 2012 to 2014, inclusive, for the payment of Outstanding Indebtedness, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof with the proceeds of the Bonds may, in addition to the other purposes set forth above, be applied to the payment of the principal of and interest due on General Obligation Commercial Paper Notes due on or before January 31, 2017, at the direction of an Authorized Officer. Any directions or determinations by an Authorized Officer pursuant to this paragraph shall be filed with the City Clerk no later than the date a levy is applied to the payment of commercial paper as provided herein.

Section 16. The City covenants that it will take no action in the investment of the proceeds of the Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes) which would result in making the interest payable on any of such Bonds subject to federal income taxes by reason of such Bonds being classified as *"arbitrage bonds"* within the meaning of Section 148 of the Code.

The City further covenants that it will act with respect to the proceeds of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the earnings on the proceeds of such Bonds and any other moneys on deposit in any fund or account maintained in respect of such Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on such Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code.

Each Authorized Officer is hereby authorized to execute such certifications, tax returns, covenants and agreements as shall be necessary, in the opinion of nationally recognized bond counsel, or in the best interest of the City, as determined by an Authorized Officer, to evidence the City's compliance with the covenants contained in this section. Each Authorized Officer is

hereby authorized to execute one or more declarations of intent to reimburse costs of the Project in accordance with the Code and the Treasury Regulations thereunder.

Section 17. This Ordinance is prepared in accordance with the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance and the Bonds, including, but not limited to, the exercise following the delivery date of any of the Bonds of any power or authority delegated to such official of the City under this Ordinance with respect to the Bonds upon the initial issuance thereof, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any actions heretofore taken by such officers of the City in accordance with the provisions of this Ordinance are hereby ratified and approved.

Section 18. The Mayor and each Authorized Officer may each designate another to act as their respective proxy and, as applicable, to affix their respective signatures to the Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or an Authorized Officer pursuant to this Ordinance and any instrument, certificate or document required thereby. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and each Authorized Officer, respectively. A written signature of the Mayor or of an Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of Proceedings of the City Council for such date and filed in the office of the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of an Authorized Officer is so affixed to an instrument, certificate or document at the direction of such Authorized Officer, the same, in all respects, shall be as binding on the City as if signed by such Authorized Officer in person.

Section 19. If requested by the Bond Registrar, the Mayor, each Authorized Officer and the City Clerk are each authorized to execute the standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties thereof.

Section 20. If payment or provision for payment is made, to or for the registered owners of all or a portion of the Bonds, of the Compound Accreted Value of any Capital Appreciation Bond and the principal of and interest due and to become due on any Current Interest Bond or Variable Rate Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or such bank or trust company as shall be designated by an Authorized Officer (such bank or trust company hereinafter referred to as a *"Defeasance Escrow Agent"*), all sums of money due and to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease,

terminate and be void as to those Bonds or portions thereof except for purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations. Any Bond shall be deemed to be paid within the meaning of this section when payment of the Compound Accreted Value of any such Capital Appreciation Bond or the principal of any such Current Interest Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Ordinance or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or a Defeasance Escrow Agent, in trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2)(A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) obligations of the following agencies: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations, and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C), or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants). At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations.

No such deposit under this section shall be made or accepted hereunder and no use made of any such deposit unless, in the case of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent or the applicable Defeasance Escrow Agent, as the case may be, shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any of such Bonds to be treated as "*arbitrage bonds*" within the meaning of Section 148 of the Code or any successor provision thereto.

Nothing in this Ordinance shall prohibit a defeasance deposit of escrow securities as provided in this section or a defeasance deposit with respect to the Outstanding Indebtedness pursuant to any Refunding Escrow Agreement authorized by Section 13(b) hereof, from being subject to a subsequent sale of such escrow securities and reinvestment of all or a portion of

the proceeds of that sale in escrow securities which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Bonds or Outstanding Indebtedness, as appropriate. Amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, any Defeasance Escrow Agent or any Refunding Escrow Agent in excess of the amounts needed so to provide for payment of the defeased Bonds or Outstanding Indebtedness, as appropriate, may be subject to withdrawal by the City. The Mayor or an Authorized Officer is hereby authorized to execute and deliver from time to time one or more agreements (and amendments thereto) with counterparties selected by an Authorized Officer, with respect to the investment and use of such excess amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, a Defeasance Escrow Agent or a Refunding Escrow Agent.

Section 21. Notwithstanding any other provisions of this Ordinance, the terms and provisions of the trust indenture securing a series of Variable Rate Bonds as authorized in Section 2 hereof with respect to (a) the authentication, registration, transfer and destruction or loss of such Variable Rate Bonds, (b) subject to the limitation on redemption price set forth in Section 3(d) hereof, the redemption of such Variable Rate Bonds, or (c) the method of payment or defeasance of such Variable Rate Bonds, shall apply to such Variable Rate Bonds issued pursuant to this Ordinance. With respect to the Direct Purchase Bonds, an Authorized Officer is authorized to negotiate the terms and provisions of such Direct Purchase Bonds in addition to or as an alternative to the terms and provisions of the trust indenture securing a series of Variable Rate Bonds.

Section 22. Any series of the Bonds, the Outstanding Indebtedness or the Outstanding Revenue Indebtedness may be restructured in a manner authorized by the Mayor or an Authorized Officer, including but not limited to (a) terminating credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (b) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with similar credit enhancement or liquidity from a different provider, (c) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with different forms of credit enhancement or liquidity from the same or a different provider, (d) adding additional credit enhancement or liquidity supplemental to that securing a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (e) removing or amending provisions for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, or in financing documents related thereto, to or for the benefit of credit enhancers or liquidity providers or adding provisions for the benefit of new or replacement credit enhancers or liquidity providers, (f) replacing an existing remarketing agent or remarketing agents for Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with a remarketing agent or remarketing agents selected by an Authorized Officer or assigning an existing remarketing agreement to a remarketing agent or remarketing agents selected by an Authorized Officer, (g) converting to or adding a different interest rate mode or modes under the documents pursuant to which such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness were issued, (h) adding a floating rate note (FRN) mode to any document pursuant to which such Bonds, Outstanding Indebtedness or Outstanding

Revenue Indebtedness were issued or refunding such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness using an FRN structure, or (i) selling or remarketing Outstanding Indebtedness or Outstanding Revenue Indebtedness pursuant to a direct purchase arrangement to one or more purchasers selected by an Authorized Officer either at par or with a discount or premium, subject to any limitations or restrictions with respect to such actions being taken contained in this Ordinance with respect to the Bonds or an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued, but *provided,* that if determined by an Authorized Officer to be necessary to achieve the financial interests of the City, such limitations or restrictions contained in an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued may be exceeded, but not in excess of the comparable limitations set forth in this Ordinance. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, and to cause to be prepared such remarketing documents, including disclosure documents, as may be necessary or desirable to effect any such debt restructuring and facilitate the remarketing of the Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, and to pay the fees, costs and expenses relating thereto, as the Mayor or an Authorized Officer executing the same determines is necessary and desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such amendments.

Section 23. Any funds heretofore or hereafter received by the City, pursuant to any Interest Rate Exchange Agreement and in connection with Outstanding Indebtedness, are hereby authorized to be expended for the payment or prepayment of any City Indebtedness; *provided however,* notwithstanding the foregoing, such authorization shall not apply to any funds the expenditure of which shall have been heretofore authorized by other applicable law.

Section 24. To provide increased financial flexibility and protection to the City in connection with Financing Transactions, the Mayor and each Authorized Officer are each hereby authorized to obtain one or more letters of credit, lines of credit, loan payment undertaking agreements or other forms of financial security or credit enhancement to secure payment of amounts due from the City in connection with each such Financing Transaction, including payment of any purchase option price (each such document, instrument or form of financial security or credit enhancement being hereinafter referred to as a *"Financing Credit Facility"*) with one or more financial institutions. The Mayor and each Authorized Officer are each hereby authorized to enter into one or more reimbursement agreements (each, a *"Financing Reimbursement Agreement"*) and to execute and issue one or more promissory notes (each a *"Financing Note"*) in connection with such Financing Credit Facilities. Any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note shall be in substantially the form of the credit facilities, reimbursement agreements and promissory notes, respectively, previously entered into by the City in connection with existing Financing Transactions, existing lines of credit secured by the City or the sale of general obligation bonds or notes by the City, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such revisions.

The annual fee paid to any financial institution that provides a Financing Credit Facility shall not exceed three percent of the principal amount of the Financing Credit Facility outstanding during such annual period. The final form of any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note entered into by the City pursuant to this paragraph shall be filed in the office of the City Clerk. The payment obligation of the City (each, a "*Financing Payment Obligation*") in connection with any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note shall be a general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each such Financing Payment Obligation shall bear interest at a rate not exceeding 18 percent per annum and shall mature not later than the fortieth anniversary of the final date of payment by the City under the related Financing Transaction (including the payment of any purchase option price). The Mayor and each Authorized Officer are each hereby authorized to execute and deliver any such Financing Credit Facility, Financing Reimbursement Agreement or Financing Note, and any amendment thereto or replacement thereof, under the seal of the City affixed and attested by the City Clerk. In connection with any Financing Transaction, the Mayor and each Authorized Officer are each hereby authorized to retain one or more financial institutions to act as paying agent on behalf of the City. The City shall appropriate or otherwise provide amounts sufficient to pay when due all Financing Payment Obligations, and the City hereby covenants to take timely action as required by law to carry out the provisions of this paragraph, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 25. Section 3 of the 2002 Ordinance is hereby amended in its entirety to read as follows:

> Section 3. Maximum Amount and Term. Without further authorization of this City Council, the maximum aggregate principal amount of all Authorized Debt outstanding under this ordinance at any time shall not exceed One Billion Dollars ($1,000,000,000) (exclusive of unpaid interest and fees). All Authorized Debt shall mature on or prior to January 1, 2032.

Section 26. Section 2-32-031 of the Municipal Code is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

> **2-32-031 Debt Management Policies; retention of rebate calculation agents, financial advisors and qualified independent representatives.**
>
> (a) The chief financial officer and the comptroller shall each have authority to retain, in connection with debt obligations issued by the City, such rebate calculation agents as either such officer may deem necessary or desirable in order for such debt obligations to comply with applicable requirements of the Internal Revenue Code. ~~As used in this section, the term "chief financial officer" shall mean the chief financial officer of the City appointed by the mayor.~~

(b) The chief financial officer shall have authority to retain, in connection with financial products and debt obligations purchased, entered into and/or issued by the City, such advisors to provide structuring, timing and related advice for such financial products and debt obligations, as deemed necessary, in compliance with the applicable requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, and the regulations in connection therewith.

(c) The chief financial officer shall have authority to retain, in connection with debt obligations issued by the City, such qualified independent representatives for selecting, retaining and monitoring the performance of the City's interest rate exchange agreements, as deemed necessary or desirable in order for such interest rate exchange agreements to comply with applicable requirements of the Dodd-Frank Act and the regulations in connection therewith. As used in this section, "interest rate exchange agreements" shall mean those certain interest rate exchange agreements entered into pursuant to an ordinance of the city council authorizing the issuance of a series of bonds.

(d) The chief financial officer shall have authority to adopt written policies which shall address the management of the city's bond, note and other debt issuances, including the entering into of interest rate exchange agreements and hiring of advisors in connection therewith. The chief financial officer may amend such written policies from time to time. Copies of each such written policy and any amendments thereto shall be kept on file with the comptroller.

Section 27. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this Ordinance or the instruments authorized by this Ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of or interest on the Bonds or to impair the security for the Bonds; *provided further* that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

Section 28. This Ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least five copies hereof, which copies are to be made available in her office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance.

Section 29. This Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided herein.

APPROVED

CORPORATION COUNSEL

APPROVED

2/7/14 Mayor

EXHIBIT B

REVOLVING LINE OF CREDIT AGREEMENT

Execution Copy

REVOLVING LINE OF CREDIT AGREEMENT

between

CITY OF CHICAGO

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Bank

dated as of April 25, 2014

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Exhibit A - Form of Loan Note
Exhibit B - Form of Borrowing Request
Exhibit C- Form of Reallocation of Commitment Notice

REVOLVING LINE OF CREDIT AGREEMENT

THIS REVOLVING LINE OF CREDIT AGREEMENT dated as of April 25, 2014 (this "Agreement"), is between the CITY OF CHICAGO, a municipal corporation and home rule unit of local government organized and existing under the Constitution and laws of the State of Illinois (the "City"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the "Bank").

In consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The following capitalized terms have the meanings indicated below unless the context shall clearly indicate otherwise.

"ABR", when used in reference to any Loan, shall refer to whether such Loan is bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Loan for an Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Affiliate" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"Agreement" means this Revolving Line of Credit Agreement, as amended, modified or supplemented from time to time.

"Alternate Base Rate" means, for any day, the highest of (a) the Prime Rate plus one-half of one percent (0.5%), or (b) the Federal Funds Rate plus one percent (1.0%). Each change in the Alternate Base Rate shall take effect at the time of such change in the Prime Rate or the Federal Funds Rate, as the case may be. Each determination of the Alternate Base Rate by the Bank will be conclusive and binding on the City, absent manifest error.

"Amortization Commencement Date" means, with respect to the Term Loan, the first Business Day of the January or July immediately following the date that is one hundred and twenty (120) days from the Term Loan Conversion Date; *provided, however*, that an Amortization Commencement Date shall occur only if the conditions precedent set forth in Section 5.03 of this Agreement are satisfied on the Term Loan Conversion Date.

"Amortization End Date" means, with respect to the Term Loan, the earliest to occur of (a) the third (3rd) anniversary of the Term Loan Conversion Date, or (b) the date on which a Default or Event of Default shall have occurred and be continuing or that the representations and warranties of the City contained in Article IV hereof are no longer true and correct in all material respects.

"Amortization Payment Date" means, with respect to the Term Loan, (a) the Amortization Commencement Date and each first Business Day of each sixth month thereafter occurring prior to the Amortization End Date, and (b) the Amortization End Date.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the City from time to time concerning or relating to bribery or corruption relating to the offering, giving, receiving, or soliciting of any item of value for the purpose of influencing the action of an official or director in the discharge of his or her public or legal duties.

"Applicable Rate" means, for any day, with respect to any Tax-Exempt Loan or Taxable Loan, as the case may be, or with respect to the Commitment Fee payable under this Agreement, the applicable rate per annum set forth below under the caption "Applicable Margin for Tax-Exempt Loans," "Applicable Margin for Taxable Loans", or "Commitment Fee Rate", as the case may be, based upon the Ratings applicable on such date to the Parity Debt:

Level	Moody's	Standard & Poor's	Fitch	Applicable Margin for Tax-Exempt Loans	Applicable Margin for Taxable Loans	Commitment Fee Rate
I	Baa1 or above	BBB+ or above	BBB+ or above	REDA[1]	RED%	RED%
II	Baa2	BBB	BBB	REDA[1]	RED%	RED%

Any change in the Commitment Fee Rate, the Applicable Margin for Tax-Exempt Loans or the Applicable Margin for Taxable Loans resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and, in the event of adoption of any new or changed rating system by any such Rating Agency, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event of a split Rating (i.e., one or more of the foregoing Ratings are at different levels than the Rating(s) of the other Rating Agency(ies)), the lowest Rating shall govern for purposes of determining the applicable

[1] In the event that the Margin Rate Factor shall be changed, the Applicable Margin for Tax-Exempt Loans shall be adjusted on the effective date of such change without notice to the City, which notice is hereby waived.

Commitment Fee Rate, the Applicable Margin for Tax-Exempt Loans or the Applicable Margin for Taxable Loans.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Commitment Maturity Date and the date of termination of the Commitment.

"Authorized Officer" means the Chief Financial Officer or the City Comptroller.

"Bank" has the meaning given that term in the preamble to this Agreement and shall include all successors and assigns.

"Beneficial Owner" has the meanings set forth in Section 2.16(a).

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowing Request" has the meanings set forth in Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Change of Law" means the occurrence, after the date of this Agreement, of (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) compliance by the Bank (or by any lending office of the Bank or by such Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a "Change of Law", regardless of the date enacted, adopted, issued or implemented.

"City" has the meaning given that term in the preamble to this Agreement.

"City Council" means the City Council of the City, or any succeeding governing or legislative body of the City.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to the Bank, the commitment of the Bank to make Loans hereunder, as such commitment may be reduced from time to time pursuant to the terms of this Agreement. The initial amount of the Bank's Commitment is $200,000,000.

"Commitment Fee" has the meaning given that term in Section 2.09(a).

"Commitment Maturity Date" means April 25, 2016.

"Default" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means (a) with respect to any Eurodollar Loan, (i) through the last day of the then applicable Interest Period, the applicable Adjusted LIBO Rate plus the Applicable Margin for Tax-Exempt Loans (if the respective Loan is a Tax-Exempt Loan) *or* the Applicable Margin for Taxable Loans (if the respective Loan is a Taxable Loan) plus three percent (3%) and (ii) thereafter, the Default Rate applicable to an ABR Loan; *provided, however*, that the Default Rate shall never exceed the Maximum Rate; and (b) with respect to any ABR Loan, a fluctuating interest rate per annum equal to the greater of (i) the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin for Tax-Exempt Loans (if the respective Loan is a Tax-Exempt Loan) *or* the Applicable Margin for Taxable Loans (if the respective Loan is a Taxable Loan) plus three percent (3%), or (ii) 10.5%; *provided, however*, that the Default Rate shall never exceed the Maximum Rate.

"Dollars" and "$" means the lawful currency of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 5.01 are satisfied (or waived in accordance with Section 7.01).

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean up or other remediation thereof.

"Eurodollar", when used in reference to any Loan, refers to whether such Loan is bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning given that term in Section 6.01.

"Event of Taxability" means a change in law or fact or the interpretation thereof, or a final, non-appealable determination by the Internal Revenue Service or the Department of the Treasury or the occurrence of any action or inaction by the City which has the effect of causing interest paid or payable on any Tax-Exempt Loan to become includable, in whole or in part, in

the gross income of the recipients thereof or any former recipient thereof for federal income tax purposes.

"Excess Interest" has the meaning given that term in Section 2.15.

"Federal Funds Rate" means for any day the rate of interest per annum as determined by the Bank at which overnight Federal Funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective as to the City on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the City absent manifest error.

"Fitch" means Fitch Ratings, its successors and assigns.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time, applied by the City on a basis consistent with the City's most recent financial statements furnished to the Bank pursuant to Section 4.01(b) hereof.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind any of the parties to this Agreement at law.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each calendar month, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to such Loan; *provided, however*, that, in addition to the foregoing, the Commitment Maturity Date and each date on which the City shall pay all or any portion of such Loan shall be deemed to be an "Interest Payment Date" with respect to any interest which is then accrued hereunder for such Loan (or such portion paid by the City).

"Interest Period" means with respect to any Eurodollar Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day in the calendar month that is one month thereafter; *provided*, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Loan only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Loan that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and thereafter shall be the effective date of the most recent continuation of such Loan.

"Law" means any law (including common law), constitution, statute, treaty, convention, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority or court with applicable jurisdiction.

"Letter Agreement" means the Letter Agreement dated April 25, 2014, between the City and the Bank, as amended or supplemented from time to time in accordance with the terms hereof and thereof.

"LIBO Rate" means, with respect to any Eurodollar Loan for an Interest Period of one month, the London interbank offered rate as administered by the Ice Benchmark Administration (or any other Person that takes over the administration of such rate for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits in the London interbank market with a maturity comparable to such Interest Period. In the event that such rate does not appear on such page (or on any such successor or substitute page), the LIBO Rate shall be determined by reference to such other publicly available service for displaying interest rates for dollar deposits in the London interbank market as may be selected by the Bank in its reasonable discretion or, in the absence of such availability, by reference to the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Bank in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Loan" means any loan by the Bank to the City pursuant to Article II hereof. "Loans" means all such Loans collectively.

"Loan Documents" means this Agreement, the Letter Agreement and, after the execution and delivery thereof pursuant to the terms of this Agreement, the promissory note of the City delivered to the Bank in connection with this Agreement, each amendment or waiver hereof or hereunder and each other document or agreement executed and delivered from time to time by the City in connection with or pursuant to the terms of this Agreement or any other Loan Document.

"Margin Rate Factor" means the greater of (i) 1.0 and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) REDACT. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate.

"Material Adverse Change" means any event, circumstance, change or effect that, individually or in the aggregate, is materially adverse to (a) the ability of the City to perform any of its obligations (including, without limitation, payment obligations) under this Agreement or any other Loan Document or with respect to any Parity Debt, or (b) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights of or benefits available to the Bank under this Agreement or any other Loan Document.

"Maximum Federal Corporate Tax Rate" means the marginal federal corporate income tax rate on the highest income bracket of corporations as in effect in the United States from time to time. As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%.

"Maximum Rate" means the lesser of (a) eighteen percent (18%), and (b) the maximum non-usurious lawful rate of interest permitted by applicable law.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Obligations" means all indebtedness, obligations and liabilities of the City to the Bank from time to time arising under or in connection with or evidenced or secured by this Agreement or any other Loan Document to which the City is a party, and all extensions, renewals or refinancings thereof, whether such indebtedness, obligations or liabilities are direct or indirect, otherwise secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising. Without limitation of the foregoing, such indebtedness, obligations and liabilities include the principal amount of Loans, interest, fees, indemnities or expenses under or in connection with this Agreement or any other Loan Document to which the City is a party, and all extensions, renewals and refinancings thereof, whether or not such Loans were made in compliance with the terms and conditions of this Agreement or in excess of the obligation of the Bank to lend.

"Ordinance" means, that certain ordinance adopted by the City Council of the City on May 1, 2002 and published in the Journal of Council Proceedings for such date at pages 83072 through 83374, inclusive; as amended by (i) that certain ordinance adopted by the City Council of the City on March 14, 2012 and published in the Journal of Council Proceedings for such date at pages 21706 through 21748, inclusive; and (ii) that certain ordinance adopted by the City Council of the City on February 5, 2014 and published in the Journal of Council Proceedings for such date at pages 73627 through 73670, inclusive.

"Other Taxes" has the meaning given that term in Section 2.12(a).

"Parity Debt" means at any date, without duplication, (a) all general obligations of the City for borrowed money, and (b) all general obligations of the City evidenced by bonds, debentures, notes or other similar instruments.

"Participants" has the meaning given that term in Section 7.02(a).

"Payment Office" means the payment instructions provided by the Bank to the City, or such other office as the Bank may designate from time to time.

"Person" means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Bank as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The Prime Rate may be greater or less than the interest rates charged by the Bank to other borrowers and is not solely

based or dependent upon the interest rate which the Bank may charge any particular borrower or class of borrowers. Each determination of the Prime Rate by the Bank shall be deemed conclusive and binding on the City absent manifest error.

"Rating" means the long term unenhanced debt ratings assigned by any of Fitch, S&P and Moody's to Parity Debt of the City.

"Rating Agencies" means Fitch, Moody's and S&P.

"Reallocation of Commitment Notice" has the meanings set forth in Section 2.01(b).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"State" means the State of Illinois.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Bank is subject with respect to the Adjusted LIBO Rate, for Eurodollar funding (currently referred to as "Eurodollar Liabilities" in Regulation D of the Board). Such reserve percentage shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute Eurodollar funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to the Bank under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Taxable Date" means the date as of which interest on any Tax-Exempt Loan is first includible in gross income of the Bank (or any successor, assignee or participant thereof) as a result of an Event of Taxability as such a date is established pursuant to a Tax Event.

"Taxable Period" has the meaning set forth in Section 2.16(a) hereof.

"Taxable Rate" means, with respect to a Taxable Period, the product of (i) the average interest rate on the Tax-Exempt Loan during such period and (ii) REDACT.

"Taxable Commitment" means the commitment of the Bank to make Taxable Loans to the City from time to time in accordance with the terms of this Agreement. As of the Effective Date, the Taxable Commitment shall be equal to $200,000,000.

"Taxable Loan" means a Loan designated by the City in the Borrowing Request applicable to such Loan as bearing interest which is not excludable from gross income of the Bank for federal and state income tax purposes.

"Taxes" has the meaning given that term in Section 2.12(a).

"Tax-Exempt Commitment" means the commitment of the Bank to make Tax-Exempt Loans to the City from time to time in accordance with the terms of this Agreement. As of the Effective Date, the Tax-Exempt Commitment shall be equal to $0.

"Tax-Exempt Loan" means a Loan designated by the City in the Borrowing Request applicable to such Loan as bearing interest which is excludable from gross income of the Bank for federal and state income tax purposes.

"Tax Event," with respect to any Tax-Exempt Loan, shall be deemed to have occurred on the first to occur of the following: (a) the date of entry of any decree or judgment by a court of competent jurisdiction (whether or not such decree or judgment is appealable or deemed to be final under applicable procedural law, or by operation of law) that interest on any of the Tax-Exempt Loans is includable in the gross income of the Bank for federal income tax purposes, or (b) the date of the issuance by the Internal Revenue Service of a Letter 4413 Notice of Proposed Adverse Determination to the effect that all or any portion of the interest on any Tax-Exempt Loan is not excluded from gross income for federal income tax purposes, or (c) delivery to the City and the Bank of a written legal opinion (which opinion shall not be a reasoned opinion and shall be subject to only customary assumptions and exclusions) of nationally recognized bond counsel reasonably acceptable to the City and the Bank to the effect that an Event of Taxability has occurred, or (d) on that date when the City shall receive notice from the Bank (or any successor, assignee or participant thereof) that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Person the interest on any Tax-Exempt Loan due to the occurrence of an Event of Taxability, or (e) on that date when the City files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred, or (f) on the date when the City shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the City, or upon any review or audit of the City or upon any other ground whatsoever, an Event of Taxability shall have occurred; *provided, however*, no Tax Event shall occur under subparagraph (d) or (f) hereunder unless the City has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Tax Event shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bank (or any successor, assignee or participant thereof), the City shall promptly reimburse, but solely from payments made by the City, the Bank (or any successor, assignee or participant thereof) for any payments, including any taxes, interest, penalties or other charges, the Bank (or any successor, assignee or participant thereof) shall be obligated to make as a result of the Tax Event.

"Term Loan" has the meaning set forth in Section 2.19.

"Term Loan Bank Rate" means the rate of interest per annum with respect to a Term Loan (a) for any day commencing on the Term Loan Conversion Date up to (but not including) the one hundred eightieth (180th) day next succeeding the Term Loan Conversion Date, equal to the Term Loan Rate from time to time in effect; (b) for any day commencing on (and including) the one hundred eightieth (180th) day next succeeding the Term Loan Conversion Date up to (but not including) the one year anniversary of the Term Loan Conversion Date, equal to the sum of the Term Loan Rate from time to time in effect plus one percent (1.00%); and (c) for any day commencing on (and including) the one year anniversary of the Term Loan Conversion Date and thereafter through the Amortization End Date, equal to the sum of the Term Loan Rate from time to time in effect plus two percent (2.00%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto, which notice is hereby waived by the City) and during the continuance of such Event of Default, "Term Loan Bank Rate" shall mean the Default Rate, and *provided, further, however*, that the Term Loan Bank Rate shall never exceed the Maximum Rate.

"Term Loan Conversion Date" has the meaning set forth in Section 2.19.

"Term Loan Rate" means, for any day, the highest of (i) the Prime Rate plus one and one-half percent (1.5%), (ii) the Federal Funds Rate plus two percent (2.0%), or (iii) seven and one-half percent (7.5%). Each change in the Term Loan Rate shall take effect at the time of such change in the Prime Rate or the Federal Funds Rate, as the case may be. Each determination of the Term Loan Rate by the Bank will be conclusive and binding on the City, absent manifest error.

"Type", when used in reference to any Loan, shall refer to whether the rate of interest on such Loan is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Written" or "in writing" means any form of written communication or a communication by means of telecopier device.

Section 1.02 Interpretation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case

of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.03 Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with GAAP.

Section 1.04 Classification of Loans. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Eurodollar Loan").

ARTICLE II

THE FACILITY

Section 2.01 Commitment. (a) Subject to the terms and conditions set forth herein, the Bank agrees to make Loans to the City from time to time during the Availability Period in an aggregate principal amount that will not result in (a) the sum of the total Loans outstanding exceeding the Commitment, (b) the sum of the total Tax-Exempt Loans outstanding exceeding the Tax-Exempt Commitment, and (c) the sum of the total Taxable Loans outstanding exceeding the Taxable Commitment. Within the foregoing limit and subject to the terms and conditions set forth herein, the City may borrow, prepay and reborrow Loans.

(b) Subject to the terms and conditions set forth herein, from time to time during the Availability Period, but in no event more frequently than once per calendar quarter or otherwise more frequently as requested by the City and as agreed to by the Bank in writing, the City may notify the Bank in writing, substantially in the form attached to this Agreement as Exhibit C (the "Reallocation of Commitment Notice"), of its determination to reallocate the Commitment between the Taxable Commitment and the Tax-Exempt Commitment; *provided* that following such reallocation by the City, (a) the sum of the total Tax-Exempt Loans outstanding shall not exceed the Tax-Exempt Commitment, (b) the sum of the total Taxable Loans outstanding shall not exceed the Taxable Commitment, and (c) the sum of the total Loans outstanding shall not exceed the Commitment. A Reallocation of Commitment Notice executed by the City shall be provided to the Bank, not later than 11:00 a.m., New York City time, five (5) Business Days before the date of the proposed reallocation, and shall be irrevocable.

Section 2.02 Loans. (a) Subject to Section 2.11 and Section 2.02(b), each Loan made hereunder to the City shall be made by the Bank as a Eurodollar Loan. The Bank at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of the Bank to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the City to repay such Loan in accordance with the terms of this Agreement.

(b) At the commencement of each Interest Period for any Eurodollar Loan, such Loan shall be in an amount that is not less than $500,000 and integral multiples of $1,000 in excess thereof. At the time that any ABR Loan is made as a result of the terms of Section 2.11 or pursuant to this subsection (b), such Loan shall be an amount that is not less than $500,000 and integral multiples of $1,000 in excess thereof; *provided* that, in the event that the unused balance of the Commitment at any time is otherwise less than the minimum Loan amount otherwise required in this subsection (b), an ABR Loan may be funded by the Bank in an aggregate amount that is equal to such unused balance. Loans of more than one Type may be outstanding at the same time; *provided* that there shall not at any time be more than a total of ten (10) Eurodollar Loans outstanding.

(c) Notwithstanding any other provision of this Agreement, the City shall not be entitled to request, or to elect to convert or continue, any Loan if the Interest Period requested with respect thereto would end after the Commitment Maturity Date.

Section 2.03 Requests for Borrowings. To request a Loan, the City shall notify the Bank of such request by telephone (a) in the case of a Eurodollar Loan, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Loan or (b) in the case of an ABR Loan, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Loan. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, telecopy or electronic mail to the Bank of a written Borrowing Request substantially in the form attached to this Agreement as Exhibit B (the "Borrowing Request"). Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Loan;

(ii) the date of such Loan, which shall be a Business Day;

(iii) whether such Loan is to be an ABR Loan or a Eurodollar Loan (*provided* that the City shall designate each such Loan as a Eurodollar Loan unless the provisions of Section 2.11 or Section 2.02(b) apply);

(iv) whether such Loan is to be a Tax-Exempt Loan or a Taxable Loan (and if such Loan is to be a Tax-Exempt Loan, the City shall further have complied with the condition precedent set forth in Section 5.04 on the request date for such Loan); and

(v) the location and number of the City's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

Subject to Section 2.11 and Section 2.02(b), each Loan requested by the City hereunder shall be made by the Bank as a Eurodollar Loan. In the event that the City shall have provided a Borrowing Request with respect to a Tax-Exempt Loan and the City shall otherwise fail to comply with the condition precedent set forth in Section 5.04 with respect to such Loan, the Bank shall have the option, at its discretion, to fund such requested Loan as a Taxable Loan to the City, so long as the funding of such Loan shall not cause the outstanding Taxable Loans to exceed the Taxable Loan Commitment.

Section 2.04 Funding of Loans. (a) The Bank shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 2:30 p.m., New York City time, by promptly crediting the proceeds of such Loan to an account of the City designated by the City in the applicable Borrowing Request.

(b) As to any Eurodollar Loan, the Bank may fulfill, if it so elects, its commitment by causing a foreign branch or affiliate to make or continue such Loan, *provided* that in such event that the Bank's Loan shall, for the purposes of this Agreement, be considered to have been made by the Bank and the obligation of the City to repay such Loan shall nevertheless be to the Bank and shall be deemed held by the Bank for the account of such branch or affiliate.

Section 2.05 Interest Elections. Each Loan initially shall be funded by the Bank as a Eurodollar Loan with an Interest Period. Thereafter, each such Loan shall continue as a Eurodollar Loan with an Interest Period, subject to the terms of Section 2.11 and Section 2.02(b).

Section 2.06 Termination and Reduction of Commitment (a) Unless previously terminated, the Commitment shall terminate on the Commitment Maturity Date.

(b) Subject to the terms of the Letter Agreement, the City may at any time terminate, or from time to time reduce, the Commitment; *provided* that (i) each reduction of the Commitments shall be in an amount that is not less than $500,000 and integral multiples of $1,000 in excess thereof and (ii) the City shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.08, the sum of the Loans outstanding would exceed the total Commitment.

(c) The City shall notify the Bank of any election to terminate or reduce the Commitment under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election, specifying the specific Dollar amount of the Tax-Exempt Commitment and/or the Taxable Commitment which shall be so terminated or reduced, and the effective date thereof. Each notice delivered by the City pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Commitment delivered by the City may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the City (by notice to the Bank on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

Section 2.07 Repayment of Loans; Evidence of Debt. (a) Subject to Section 2.19, the City hereby unconditionally promises to pay to the Bank the then unpaid principal amount of each Loan on the Commitment Maturity Date.

(b) If at any time the sum of the aggregate principal amount of all outstanding Loans exceeds the Commitment, the City shall immediately repay Loans in an aggregate principal amount sufficient to cause the remaining outstanding Loans not to exceed the Commitment.

(c) The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the City to the Bank resulting from each Loan made by the Bank, including the amounts of principal and interest payable and paid to the Bank from time to time hereunder.

(d) The Bank shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the City to the Bank hereunder and (iii) the amount of any sum received by the Bank hereunder for the account of the Bank.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section shall be prima facie evidence of the existence and amo

(f) unts of the obligations recorded therein; provided that the failure of the Bank to maintain such accounts or any error therein shall not in any manner affect the obligation of the City to repay the Loans in accordance with the terms of this Agreement.

Section 2.08 Prepayment of Loans. (a) The City shall have the right at any time and from time to time to prepay any Loan in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The City shall notify the Bank by telephone (confirmed by telecopy or electronic mail) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Loan, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Loan, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Loan or portion thereof to be prepaid; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitment as contemplated by Section 2.06(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06(c). Each partial prepayment of any Loan shall be in an amount that would be permitted in the case of an advance of a Loan of the same Type as provided in Section 2.02. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10.

Section 2.09 Fees. (a) The City agrees to pay to the Bank a commitment fee (the "Commitment Fee"), which shall accrue at the Applicable Rate on the daily amount of the difference between the Commitment of the Bank under this Agreement and the Loans outstanding during the period, which Commitment Fee shall be payable from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued Commitment Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitment terminates, commencing on the first such date to occur after the date hereof. All Commitment Fees shall be computed on the basis of a year of 365-days or 366-days, as applicable, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The City agrees to pay to the Bank fees in the amounts and at the times as set forth in the Letter Agreement.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Bank. Fees paid shall not be refundable under any circumstances.

Section 2.10 Interest. (a) Each Eurodollar Loan which is a Tax-Exempt Loan shall bear interest at a rate per annum equal to [redacted]% of the Adjusted LIBO Rate plus the Applicable Rate.

(b) Each Eurodollar Loan which is a Taxable Loan shall bear interest at a rate per annum equal to the Adjusted LIBO Rate plus the Applicable Rate.

(c) Each ABR Loan shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the City hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, the Default Rate or (ii) in the case of any other amount, the Default Rate applicable to ABR Loans.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan, upon the final maturity thereof and upon termination of the Commitment; *provided* that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Bank, and such determination shall be conclusive absent manifest error.

Section 2.11 Alternate Rate of Interest. (a) If prior to the commencement of any Interest Period for a Eurodollar Loan:

(i) the Bank determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(ii) the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to the Bank of making or maintaining the Loan for such Interest Period;

then the Bank shall give notice thereof to the City by telephone or electronic mail as promptly as practicable thereafter and, until the Bank notifies the City that the circumstances giving rise to such notice no longer exist, (i) the continuation of any Loan as a Eurodollar Loan shall be

ineffective and such Loan shall be continued as an ABR Loan and (ii) if any Borrowing Request calls for a Eurodollar Loan, such Loan shall be made as an ABR Loan.

(b) If, after the date hereof, any Change of Law shall make it unlawful or impossible for the Bank (or its lending offices) to honor its obligations hereunder to make or maintain any Eurodollar Loan, the Bank shall promptly give notice thereof to the City. Thereafter, until the Bank notifies the City that such circumstances no longer exist, (i) the obligations of the Bank to make Eurodollar Loans, and the right of the City to continue any Loan as a Eurodollar Loan shall be suspended and thereafter the City may select only ABR Loans, and (ii) if the Bank may not lawfully continue to maintain a Eurodollar Loan to the end of the then current Interest Period applicable thereto, the applicable Loan shall immediately be converted to an ABR Loan for the remainder of such Interest Period.

(c) If at any time the circumstances described in (a) and (b) above are no longer applicable, the Bank shall promptly give notice thereof to the City, and the ABR Loans then outstanding, if any, shall be converted to Eurodollar Loans in a manner and timeframe reasonably determined by the Bank with notice to the City.

Section 2.12 Net of Taxes, Etc.

(a) *Taxes.* Any and all payments to the Bank by the City hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed as a result of a Change of Law, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If as a result of a Change of Law, the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof or any other taxing authority from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section 2.12 to or for the benefit of the Bank with respect to Taxes and the Bank (in its discretion as to the extent, order and means in which it does so) shall claim (and receive and retain) any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the City an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and, if as a result of a Change of Law, any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of Illinois or any other political subdivision or taxing authority from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement, excluding, however, taxes imposed on or measured by

the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (hereinafter referred to as "Other Taxes"). The Bank shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the City to the Bank hereunder *provided* that the Bank's failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) *Payment of Taxes.* The City shall, to the fullest extent permitted by law, pay the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.12 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City shall not be obligated to pay the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.12. Payments by the City pursuant to this Section shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.12 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.12 and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Bank or the City reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the City under this Section 2.12 shall survive the termination of this Agreement.

Section 2.13 Increased Costs. (a) If the Bank shall have determined that any Change of Law shall (A) change the basis of taxation of payments to the Bank of any amounts payable hereunder (except for taxes on the overall net income of the Bank), (B) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against making or maintaining its obligations under this Agreement or assets held by, or deposits with or for the account of, or credit extended by, the Bank (except any reserve requirement reflected in the Adjusted LIBO Rate) or (C) impose on the Bank or on the London interbank market any other condition regarding this Agreement or Eurodollar Loans made by the Bank, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by the Bank hereunder, then, the City shall pay to the Bank at such time and in such

amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If the Bank shall have determined that any Change of Law shall impose, modify or deem applicable any capital, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or the Bank's holding company allocates capital resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital to be maintained by the Bank or the Bank's holding company or (B) reduces or would reduce the rate of return on the Bank's or the Bank's holding company's capital to a level below that which the Bank or the Bank's holding company could have achieved but for such circumstances (taking into consideration the Bank's or the Bank's holding company policies with respect to capital adequacy and liquidity) then, the City shall pay to the Bank at such time and in such amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate the Bank or the Bank's holding company for such cost of maintaining such increased capital or liquidity or such reduction suffered.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due 30 days following the City's receipt of notice thereof and shall be payable, in full, on the next succeeding quarterly payment date that the fee described in Section 2.09(a) is due and payable. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable in accordance with this Section; *provided,* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the City and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate.

Section 2.14 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith), then, in any such event, the City shall compensate the Bank for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to the Bank shall be deemed to include an amount determined by the Bank to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for

such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Bank would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Bank setting forth any amount or amounts that the Bank is entitled to receive pursuant to this Section shall be delivered to the City and shall be conclusive absent manifest error. The City shall pay the Bank the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Section 2.15 Maximum Rate. If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the City shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until the earlier of (i) the date of payment in full of all other amounts due hereunder by the City to the Bank (other than Excess Interest which has not been recaptured) and on which the Commitment has been permanently terminated in full, the Loans have been repaid to the Bank in full and this Agreement is no longer in effect, and (ii) the date on which all deferred Excess Interest is fully paid to the Bank.

Section 2.16 Tax Event. (a) In the event a Tax Event occurs, in addition to the amounts required to be paid with respect to each Tax-Exempt Loan by the City under this Agreement, the City hereby agrees to pay to the Bank and each of its successors, assigns and participants with respect to the Loans and the other Obligations of the City pursuant to this Agreement and the other Loan Documents (each, a "Beneficial Owner"), on demand therefor (A) an amount equal to the difference between (I) the amount of interest that would have been paid to such recipient with respect to such Tax-Exempt Loan during the period for which interest on such Tax-Exempt Loan is includable in the gross income of such Beneficial Owner if such Tax-Exempt Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (II) the amount of interest actually paid to the Beneficial Owner during the Taxable Period, and (B) an amount equal to any interest, penalties or charges owed by such Beneficial Owner as a result of interest on such Tax-Exempt Loan becoming includable in the gross income of such beneficial owner, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by such Beneficial Owner in connection therewith.

(b) Subject to the provisions of clauses (c) and (d) below, such Beneficial Owner shall afford the City the opportunity, at the City's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Tax-Exempt Loan to be includable in the gross income of such Beneficial Owner or (2) any challenge to the validity of the tax exemption with respect to the interest on such Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(c) The following shall constitute conditions precedent to the exercise by the City of its right to contest set forth in clause (ii) above, the City shall, on demand, immediately reimburse such Beneficial Owner for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Beneficial Owner in its sole discretion) that may be incurred by such Beneficial Owner in connection with any such contest, and shall, on demand, immediately reimburse such Beneficial Owner for any and all penalties or other charges payable by such beneficial owner for failure to include such interest in its gross income; and

(d) The obligations of the City under this Section 2.16 shall survive the termination of this Agreement and the payment in full of the Loans.

Section 2.17 Source of Payments. The obligations of the City to pay the Loans and Term Loan to the Bank and the other Obligations due and owing to the Bank under this Agreement shall constitute general obligations of the City to which the City's full faith and credit is pledged.

Section 2.18 Electronic Transmissions. The Bank is authorized to accept and process any amendments, instructions, consents, waivers and all other documents which are sent to the Bank by electronic transmission, including SWIFT, electronic mail, telecopy, courier, mail or other computer generated telecommunications, and such electronic communication has the same legal effect as if written and shall be binding upon and enforceable against the City. The Bank may, but shall not be obligated to, require authentication of such electronic transmission or that the Bank receives original documents prior to acting on such electronic transmission.

Section 2.19 Term Out. Subject to the conditions set forth in Section 5.03, the aggregate principal amount of the Loans of the Bank outstanding on the Commitment Maturity Date (the "Term Loan Conversion Date") shall convert to a term loan of the Bank in such outstanding amount (the "Term Loan"). The Term Loan shall bear interest from and including the Commitment Maturity Date until the payment thereof in full at the Term Loan Bank Rate and shall otherwise constitute a Loan for all purposes of this Agreement. The City agrees to repay to the Bank the unpaid principal amount of the Term Loan (together with interest accrued thereon) in approximately equal semi-annual installments of principal, with the first such payment commencing on the Amortization Commencement Date, and on each Amortization Payment Date thereafter, with the last such payment equal to all remaining unpaid principal and occurring on the Amortization End Date.

Section 2.20 Extension of Commitment Maturity Date. If the City, on any date no earlier than one hundred and twenty (120) days prior to the Commitment Maturity Date, submits to the Bank a written request for an extension of the Commitment Maturity Date for a period mutually agreeable to the Bank and the City, the Bank will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if

granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in writing in its absolute discretion, the then current Commitment Maturity Date shall be extended to the date agreed to by the City and the Bank.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE CITY

Section 3.01 Representations of the City. The City makes the following representations and warranties to the Bank as of the Effective Date, on the date of funding of each Loan and as of the effective date of any extension of the Commitment Maturity Date (which representations and warranties shall survive the execution and delivery of this Agreement):

(a) the City has full legal right, power and authority to adopt the Ordinance, to enter into, execute and deliver this Agreement and the other Loan Documents to which the City is a party and to pledge its full faith and credit to the payment of the Loans, the Term Loans and the other Obligations due and owing to the Bank hereunder; and the City has duly authorized and approved the execution and delivery of this Agreement and the other Loan Documents to which the City is a party and the performance by the City of its obligations under this Agreement and the other Loan Documents to which the City is a party;

(b) no further authorization or approval is required for the City's execution and delivery of this Agreement and the Letter Agreement, and each of this Agreement and the Letter Agreement constitutes the legal, valid and binding obligation of the City, when duly executed and delivered by the parties hereto, and is enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally, by general principles of equity and by principles of public or governmental policy limiting the enforceability of indemnification provisions; and no further authorization or approval is required for the performance by the City of its obligations under this Agreement or the Letter Agreement;

(c) the City Council has duly adopted the Ordinance which is in full force and effect. The Loan Documents to which the City is a party have been duly executed and delivered by authorized officers of the City, and are in full force and effect and are legal, valid and binding obligations of the City, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally, by general principles of equity and by principles of public or governmental policy limiting the enforceability of indemnification provisions;

(d) payment of the Loans, the Term Loans and the other Obligations of the City to the Bank pursuant to this Agreement will constitute a general obligation of the City to which the full faith and credit of the City is pledged;

(e) all approvals, consents and orders of, registration, declarations and filings (except, if any, under applicable state blue sky or securities laws) with, a federal, State or other governmental commission, board, regulatory body or instrumentality, having jurisdiction which would constitute a condition precedent to the performance by the City of its obligations under this Agreement and the other Loan Documents to which it is a party, have been obtained or made;

(f) all legislation necessary to fulfill the terms and conditions of, and to carry out the transactions contemplated by, the Ordinance, this Agreement and the other Loan Documents is in full force and effect;

(g) the adoption of the Ordinance and the performance and compliance with the provisions thereof do not, and the execution, delivery and performance of, and the carrying out of the transactions contemplated by this Agreement and the other Loan Documents to which the City is a party, do not and will not violate any existing law or administrative regulation of the State or of any department, division, agency or instrumentality thereof or of the United States, or any court or administrative regulation, judgment, decree or order to which the City is subject, or conflict with in a material manner or constitute on the part of the City a material breach of, or a material default under, any material provision of any agreement, ordinance, resolution or other instrument to which the City is a party or is otherwise subject;

(h) [reserved];

(i) except as disclosed prior to the execution of this Agreement in writing to the Bank, no action, suit or proceeding, at law or in equity, or before any court, public board or body is pending (or to the knowledge of the City, threatened) against the City or any officers of the City in their respective capacities as such (i) to restrain or enjoin the execution and delivery by the City of this Agreement or the other Loan Documents, or (ii) in any manner questioning the authority of the City to execute, deliver and perform this Agreement or the other Loan Documents, or (iii) questioning the validity or enforceability of the Ordinance, this Agreement or the other Loan Documents to which the City is a party, or (iv) questioning in any manner the City's pledge of its full faith and credit to the repayment of the Loans or the Term Loan or the City's obligations to the Bank pursuant to this Agreement or the other Loan Documents, or (v) which could materially adversely affect the business, financial condition or results of operation of the City;

(j) the representations and warranties of the City set forth in the Loan Documents to which it is a party as of the date thereof are true and correct in all material respects;

(k) the Loans, the Term Loans and the other Obligations of the City under this Agreement constitute direct and general obligations of the City for the payment of which the City has pledged its full faith and credit;

(l) subsequent to December 31, 2012, there has not been any Material Adverse Change;

(m) there is no amendment, or, to the best of the City's knowledge, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any

published administrative interpretation of the Constitution of the State or any State law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which would materially adversely affect the Loans, this Agreement or any holder or beneficiary thereof in its capacity as such;

(n) the City is a municipal corporation and "*home rule unit*" as that term is defined in Section 6 of Article VII of the 1970 Constitution of the State. Pursuant to the provisions of Section 6(a) of Article VII and subject to the limitations of that Article, the City may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt;

(o) in connection with the execution and delivery of this Agreement and the other Loan Documents, the City has complied in all material respects with the Ordinance and the Constitution and laws of the State;

(p) the financial statements of the City made available to the Bank in accordance with clause (i) of Section 4.01(b) fairly present the financial position and results of operation of the City as of the date and for the period therein set forth, and the financial statements have been prepared in accordance with GAAP, except as otherwise noted in such financial statements. No Material Adverse Change as shown on such financial statements has occurred since the date of such financial statements;

(q) except as disclosed prior to the execution of this Agreement in writing to the Bank, the City is not in default under any material provision of (i) the Ordinance or this Agreement, or (ii) any other Loan Document to which it is a party, or under any other material agreements or instruments relating to the City (to the extent such default would have a material adverse effect on the security for the Loans or the Term Loans or the City's ability to pay when due the obligations under this Agreement or the rights and remedies of the Bank);

(r) except as disclosed by the City in writing to the Bank, the City has not received notice to the effect that the operations of the City are not in compliance with any of the requirements of applicable Federal, health and safety statutes and regulations or Environmental Laws, or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action would have a material adverse effect on the security for the Loans or the City's ability to pay the obligations under this Agreement;

(s) the City will apply the proceeds of the Loans in accordance with the terms and provisions of the Ordinance and this Agreement;

(t) the City is subject to suit with respect to its obligations under this Agreement and no sovereign immunity exists under Illinois law as of the date that this Agreement is executed and delivered by the City, with respect to the City's contractual obligations under this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Agreement shall be deemed to create any rights of action for persons or entities not a party to this Agreement or to circumvent any of the immunities contained in the Local Government and Governmental Employees Tort Immunity Act, 745 ILCS 10/1-101 et seq., as amended;

(u) the City has not taken any action or omitted to take any action, and knows of no action taken by any Governmental Authority, which action, if taken or omitted, would adversely affect the exclusion of interest on the Tax-Exempt Loans from gross income for purposes of federal or State income taxation; and

(v) to its knowledge, the City, its officers and elected officials are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects except as disclosed to the Bank by the City in writing. No Loan or Term Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01 Covenants of the City. Until the Commitment has expired or been terminated and the principal of and interest on each Loan (including, without limitation, the Term Loan) and all fees and other Obligations payable under this Agreement and the Letter Agreement shall have been paid in full, unless the Bank shall otherwise consent in writing, the City covenants and agrees as follows:

(a) Notice of Default. Upon an Authorized Officer or the City's Corporation Counsel's office becoming aware of the existence of any Default under Section 6.01(d), (h) or (j) hereof or any Event of Default, the City will give prompt notice in writing to the Bank of the occurrence of such event and of any other development, financial or otherwise, which could reasonably be expected to materially adversely affect the City's operations, properties or affairs or the ability of the City to perform its obligations under this Agreement, which notice shall state what action the City proposes to take in regard to such occurrence.

(b) Information. The City will deliver to the Bank, in as many copies as it reasonably shall request, as soon as available, the following documents:

(i) within 240 days after the close of each of its fiscal years, the financial statements of the City certified by independent certified public accountants governing the operations of the City for such fiscal year and containing balance sheets, statements of revenues, expenses and changes in retained earnings and statements of cash flows of the City for such fiscal year, all prepared in accordance with generally accepted accounting principles;

(ii) the City's annual budget and the City's annual appropriation ordinance;

(iii) upon the request of the Bank, any disclosure documents distributed in connection with any public issue of the City secured by the general obligation of the City;

(iv) simultaneously with the delivery of the financial statements described in clause (i) above and upon the request of the Bank, a certificate of an Authorized Officer of the City stating that the City has no knowledge of any Default under Section 6.01(d),

(h) or (j) or any Event of Default under this Agreement, or if any such circumstance shall exist, such certificate shall state the nature and status thereof; and

(v) from time to time such additional information regarding the financial condition of the City as the Bank may reasonably request.

The City shall be deemed to have furnished the information specified in clauses (i) and (ii) above on the date that such information is posted at the City's website on the Internet at www.cityofchicago.org or at such other website as notified to the Bank in writing.

(c) Books and Records; Inspection of Records. The City shall keep adequate records and books of account, in which complete entries will be made, reflecting all material financial transactions of the City. Upon the reasonable request of the Bank and during normal business hours, and following the occurrence of an Event of Default and the continuance thereof, at the expense of the City, the City will give the Bank, or any attorney-in-fact or counsel therefor, access to and permission to examine, copy or make excerpts from, any and all books, records and documents under control of the City relating to the financial condition of the City.

(d) Compliance with Law. The City will comply with and observe the obligations and requirements set forth in the Ordinance, and in the Constitution of the State and in all statutes and regulations binding upon it relating to this Agreement or the other Loan Documents to which it is a party.

(e) Notices. The City shall promptly furnish, or cause to be furnished, to the Bank (i) each notice required to be given to the Bank pursuant to the Ordinance, (ii) notice of any change in any long-term credit rating issued by any of S&P, Fitch or Moody's with respect to the Parity Debt, and (iii) notice of any litigation or administrative proceeding which, if adversely determined, could reasonably be expected to materially adversely affect the security for the Loans or the ability of the City to pay its obligations to the Bank under this Agreement or to pay its obligations under any of the Loan Documents to which it is a party.

(f) Maintenance of Approvals; Filings, Etc. The City at all times shall maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary under any applicable law or regulation for its execution and delivery of (i) this Agreement, and (ii) with respect to the other Loan Documents to which the City is a party, to the extent that failure to do so would have a material adverse effect on the security for the Loans or the City's ability to pay when due the obligations of the City under this Agreement or the rights and remedies of the Bank.

(g) Special Remedies. The City will extend to the Bank, by amendment of the terms of this Agreement, any special acceleration remedies which the City may hereafter grant under any Parity Debt hereafter issued by the City pursuant to the Ordinance.

(h) Amendments. The City shall not amend, or consent to the amendment of any Loan Document which could have a material adverse effect on the City's ability to pay its obligations hereunder, without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

(i) Incorporation of Terms. So long as this Agreement is in effect, except to the extent compliance in any case or cases is waived in writing by the Bank, the City agrees that to the extent that the City enters into any other revolving line of credit agreement which is secured by the City's general obligation and which grants a creditor a more favorable amortization (i.e. shorter tenor) of loans or other obligations than what is contained in this Agreement, or enters into any other revolving line of credit agreement which is secured by the City's general obligation and which contains no term out of outstanding loans at the maturity of such facility (i.e. the loans or other obligations payable by the City thereunder are due and payable at maturity), such shorter amortization or bullet maturity term, together with the related definitions, exhibits and ancillary provisions, shall be deemed incorporated into the terms hereof by reference, *mutatis mutandis*, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety. The City shall provide written notice to the Bank of the existence of such terms, and at the request of the Bank, the City further covenants to promptly execute and deliver at its expense an amendment to this Agreement in form and substance satisfactory to the Bank evidencing the amendment of this Agreement to include such incorporated provisions, *provided* that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such incorporated terms as provided for in this Section 4.01(i), but shall merely be for the convenience of the parties hereto. It is understood by the parties hereto that, with respect to such provisions as incorporated into this Agreement, no amendment or modification of the original credit agreement in which such terms were originally provided or any waiver of compliance therewith, shall constitute an amendment, modification or waiver of the provisions thereof as incorporated herein for the benefit of the Bank unless consented to in writing by the Bank.

(j) Credit Facilities. The City shall not enter into or otherwise consent to any amendment, supplement or other modification of any reimbursement agreement with a credit provider in connection with Parity Debt which impairs the security provided to the Bank for repayment of the obligations of the City hereunder, without the prior written consent of the Bank.

(k) Sovereign Immunity. To the extent permitted by law, in any action, suit, litigation or proceeding, the City shall not claim sovereign immunity with respect to any obligations of the City under this Agreement; *provided* that pursuant to any laws of the State of Illinois, the City shall not waive any sovereign immunities from time to time available under the laws of said State as to jurisdiction and procedures. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Agreement shall be deemed to create any rights of action for persons or entities not a party to this Agreement or to circumvent any of the immunities contained in the Local Government and Governmental Employees Tort Immunity Act, 745 ILCS 10/1-101 et seq., as amended.

(l) Maintenance of Tax-Exempt Status. The City shall not act in any other manner which would adversely affect the exclusion of the interest on the Tax-Exempt Loans from the gross income of the Beneficial Owners thereof for federal income or State income tax purposes.

(m) Further Assurances. At any time and from time to time the City shall execute and deliver such further instruments and take such further action as may reasonably be requested by the Bank to effect the purposes of this Agreement.

(n) Use of Proceeds. The City will not request any Loan, including, without limitation, the Term Loan, and the City shall not use, and shall ensure that its officers, employees and elected officials shall not use, the proceeds of any Loan (A) in violation of any Anti-Corruption Laws, or (B) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.01 Conditions to Effective Date. It shall be a condition precedent to the obligation of the Bank to make Loans that all proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto including the Loan Documents shall be in form and substance satisfactory to the Bank and that the conditions enumerated in this Section 5.01 have been fulfilled to the satisfaction of the Bank and its counsel, Winston & Strawn LLP. Delivery by the Bank of fully executed signature pages to this Agreement shall constitute acknowledgment and acceptance by the Bank that all such conditions have been met or waived.

(a) Representations. The City shall represent, as of the Effective Date (and after giving effect to the effectiveness hereof), and deliver a certificate as of such date to such effect, that (i) there shall exist no Default or Event of Default hereunder, (ii) all representations and warranties made by the City herein shall be true, correct and complete as of the Effective Date, and (iii) to the best knowledge of the City, except as otherwise disclosed to the Bank in writing, no Material Adverse Change shall have occurred since December 31, 2012, the date of the most recent audited financial statements provided to the Bank.

(b) Supporting Documents. On or prior to the date of the execution and delivery of this Agreement, the Bank shall have received, in form and substance satisfactory to the Bank, the following:

(i) true and complete executed originals of this Agreement and the Letter Agreement;

(ii) executed or certified copies of each other Loan Document not specified in (i) above;

(iii) (A) a certificate of the City in form and substance satisfactory to the Bank, executed by the City Clerk, dated the Effective Date, to the effect that the Ordinance has been adopted and approved by the City Council of the City (which ordinance shall be attached to such certificate), and remains in full force and effect and (B) an incumbency certificate with respect to the officers or agents of the City who are authorized to execute any documents or instruments on behalf of the City under this Agreement and the other Loan Documents to which the City is a party;

(iv) an executed legal opinion, dated the date of the execution and delivery of this Agreement, addressed to the Bank and in form and substance satisfactory to the

Bank, of counsel to the City covering such matters as the Bank may reasonably request; and

(v) such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank may reasonably request.

(c) Certain Payments. The City shall have paid the amounts specified to be paid on the Effective Date pursuant to the Letter Agreement.

(d) No Legal Limitations. No law, regulation, ruling or other action of the United States or the State of Illinois or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling its obligations under this Agreement.

(e) Satisfaction of Legal Requirements. All legal requirements provided herein incident to the execution, delivery and performance of the Loan Documents and the transactions contemplated thereby, shall be reasonably satisfactory to the Bank and Bank's counsel.

Section 5.02 Conditions Precedent to Each Loan. The obligation of the Bank to make a Loan at any time is subject to the satisfaction of the following conditions on the date of funding of such Loan: (a) the representations and warranties contained in Article IV of this Agreement are true and correct in all material respects as of such date; and (b) no event has occurred and is continuing, or would result from such payment, which constitutes a Default or Event of Default.

Unless the City shall have previously advised the Bank in writing that the above statement is no longer true, the City shall be deemed to have represented and warranted on the date of such Loan that the above statement is true and correct.

Section 5.03 Conditions Precedent to Term Loan. On the Commitment Maturity Date, a Term Loan shall be made available to the City only if on such date (a) the representations and warranties contained in Article IV of this Agreement are true and correct in all material respects as of such date; and (b) no event has occurred and is continuing, or would result from such payment, which constitutes a Default or Event of Default.

Unless the City shall have previously advised the Bank in writing that the above statement is no longer true, the City shall be deemed to have represented and warranted on the date of such payment that the above statement is true and correct.

Section 5.04 Condition Precedent to Tax-Exempt Loan. With respect to each Borrowing Request pursuant to which the City shall have requested that the Bank fund a Tax-Exempt Loan on the date specified in such Borrowing Request, a Tax-Exempt Loan shall be made available to the City only if on the date of delivery by the City of such Borrowing Request, the Bank shall have received an executed legal opinion, dated the date of such Borrowing Request with respect to such Tax-Exempt Loan, addressed to the Bank and in form and substance satisfactory to the Bank, of Bond Counsel covering such matters as the Bank may reasonably request with respect to such Tax-Exempt Loan, including, without limitation, an

opinion which concludes that all interest receivable by the Bank in respect of such Tax-Exempt Loan is excludable from gross income of the Bank for federal and state income tax purposes.

ARTICLE VI

EVENTS OF DEFAULT; REMEDIES

Section 6.01 Events of Default. The occurrence and continuance of any one or more of the following events shall be an event of default ("Event of Default"):

(a) the City fails to pay, or cause to be paid, when due: (i) any principal of or interest on any Loan, including, without limitation, the Term Loan, for any reason; or (ii) any other Obligation owing to the Bank hereunder or under the Letter Agreement and such failure continues for fifteen (15) Business Days after the City shall have received written notice from the Bank that the same was not paid when due;

(b) any "event of default" shall have occurred under any of the Loan Documents (as defined respectively therein);

(c) any representation, warranty or statement made by or on behalf of the City herein or in any Loan Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the City (including unaudited financial reports, budgets, projections and cash flows of the City) furnished to the Bank by or on behalf of the City in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(d) (i) the City fails to perform or observe any term, covenant or agreement contained in Section 4.01 (other than subsection (b) thereof); or (ii) the City fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 6.01(a) and (d)(i)) and any such failure cannot be cured or, if curable, remains uncured after the earlier of (A) thirty (30) days after written notice thereof to the City, or (B) knowledge by responsible officers of the City of the occurrence thereof;

(e) this Agreement or any Loan Document or any material provision hereof or thereof shall at any time for any reason cease to be valid and binding on the City or any other party thereto or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by an Authorized Officer of the City or such other party thereto or by any Governmental Authority having jurisdiction, or the City or such other party shall deny that it has any or further liability or obligation under any such document;

(f) any provision of the Ordinance relating to the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank, or any Loan Document or any material provision thereof shall cease to be in full force or effect, or any Authorized Officer of the City shall deny or disaffirm the City's obligations under any Loan Document;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any debts of the City;

(h) (i) the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of the City or shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the City, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of the City, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the City shall generally not, or shall be unable to, or so admit in writing its inability to, pay its debts as they become due;

(i) the City shall (i) default in any payment of principal of, premium, if any, or interest on any Parity Debt; or (ii) default in the observance or performance of any other agreement or condition relating to any Parity Debt, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Parity Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries), to cause, with the giving of notice if required, such bonds or obligations to become due and payable;

(j) any final, non-appealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of $25,000,000 shall be rendered against the City or the property of the City and remain unpaid, unvacated, unbonded, uninsured, or unstayed for a period of sixty (60) days; or

(k) the long-term rating of Parity Debt is lowered below "BBB" (or its equivalent) by S&P, "BBB" (or its equivalent) by Fitch or "Baa2" (or its equivalent) by Moody's, or such long-term ratings are suspended, withdrawn or otherwise become unavailable by S&P, Fitch or Moody's.

Section 6.02 Remedies. Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) terminate the Commitment and thereupon the Commitment shall immediately terminate;

(b) by written notice to the City, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the City; *provided* that upon the occurrence of an Event of Default under Section 6.01(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(c) pursue any rights and remedies it may have under the Loan Documents; or

(d) pursue any other action available at law or in equity.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Changes to Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or omission of the Bank to exercise any right under this Agreement or the Loan Documents shall impair such right or be construed to be a waiver of any Default or Event of Default or an acquiescence therein, and any single or partial exercise of any such right shall not preclude any other or further exercise thereof or the exercise of any other right.

Section 7.02 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however*, that (i) the City may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Bank and any assignment without such consent shall be void, and (ii) unless the intended assignee is an Affiliate of the Bank, the Bank may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the City and any assignment without such consent shall be void (*provided* that no such consent of the City shall be required upon the occurrence and during the continuance of any Event of Default hereunder). The Bank shall have the right at any time to grant participations in all or part of its obligations hereunder and the obligations of the City hereunder to any other institutional purchaser (the "Participants") without the consent of or notice to the City or any other Person; *provided, however*, that any such participation shall not relieve the Bank from any of its obligations under this Agreement and the City shall deal exclusively with the Bank for all purposes of this Agreement (including the making of all payments on Loans). The Bank may disclose to any Participant or prospective Participant any information or other data or material in the Bank's possession relating to this Agreement, any Loan Document and the City, without the consent of or notice to the City.

(b) Notwithstanding the foregoing, the Bank may assign and pledge all or any portion of the amounts owing to it with respect to the Loans hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of

Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the Bank from its obligations under this Agreement.

Section 7.03 Governing Law; Waiver of Jury Trial. (a) This Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the laws of the State.

(b) The City and the Bank each hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement and any Loan Document or the transactions contemplated hereby and thereby.

Section 7.04 Notice. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Bank or the City, shall be deemed or have been sufficiently given or filed for all purposes, if any, when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid, and if given by telecopy shall be deemed given when transmitted (receipt confirmed):

If to the Bank, to:

JPMorgan Chase Bank, National Association
REDACTED

With a copy to:

JPMorgan Chase Bank, National Association
REDACTED

And, for compliance-related
items, with a copy to:

REDACTED

If to the City:

City of Chicago
Office of the Comptroller

Section 7.05 Obligations Absolute. The obligations of the City under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation: (i) any lack of validity, enforceability or legal effect of this Agreement or any Loan Document, or any term or provision herein or therein; (ii) the existence of any claim, set-off, defense or other right that the City or any other Person may have at any time against the Bank or any other Person; and (iii) any other event, circumstance or conduct whatsoever, whether or not similar to any of the foregoing, that might, but for this paragraph, constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, the City's obligations hereunder (whether against the Bank or any other Person); *provided, however*, that subject to Section 7.08 hereof, the foregoing shall not exculpate the Bank from such liability to the City as may, be finally, judicially determined in an independent action or proceeding brought by the City against the Bank following payment of the City's obligations under this Agreement.

Section 7.06 Holidays. Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

Section 7.07 Survival. All representations, warranties, covenants and agreements of the City contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith shall survive the execution and delivery hereof and the funding of the Loans by the Bank hereunder and shall continue in full force and effect until payment in full of all Obligations of the City hereunder, it being understood that the agreements of the City found in Article II and 7.09 shall survive the termination of this Agreement and payment in full of such Obligations.

Section 7.08 Liability of the Bank. (a) Neither the Bank nor any of its officers or directors shall be liable or responsible for: (i) the use which may be made of the Loans or for any acts or omissions of the City in connection therewith; (ii) the validity, sufficiency, accuracy or genuineness of documents, or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Bank to the City against presentation of documents which do not comply with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopier or otherwise; (v) for any loss or delay in the transmission or otherwise of any document required in order to fund a Loan; or (vi) any other circumstances whatsoever in funding a Loan; except only that the City shall have a claim against the Bank, and the Bank shall be liable to the City, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the City which the City

proves were caused by (x) the Bank's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms thereof or (y) the Bank's willful misconduct or gross negligence in failing to pay under this Agreement after the presentation to it by the City of a certificate strictly complying with the terms and conditions of this Agreement. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) The City assumes all risks associated with the acceptance by the Bank of documents received by telecommunication, it being agreed that the use of telecommunication devices is for the benefit of the City and that the Bank assumes no liabilities or risks with respect thereto.

Section 7.09 Certain Costs; Indemnification. (a) Pursuant to and subject to the terms of the Letter Agreement, the City hereby agrees to pay on demand all reasonable costs and expenses incurred by the Bank, in connection with the preparation, execution, delivery and administration of this Agreement and any other documents that may be delivered in connection herewith or therewith, including, without limitation, the reasonable fees and out of pocket expenses of counsel for the Bank. The City hereby also agrees to pay on demand all reasonable costs and expenses (including, without limitation, the reasonable fees and out of pocket expenses of its legal counsel, including in house counsel for the Bank) incurred by the Bank with respect to advising the Bank as to its rights and responsibilities under this Agreement and any Loan Document or any waiver or amendment of, or the enforcement of, this Agreement, any Loan Document and such other documents which may be delivered in connection with this Agreement. In addition, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and the security contemplated by any Loan Document and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the City agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the City hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings.

(b) To the extent permitted by law, the City agrees to indemnify and hold harmless the Bank, its officers, directors, employees and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever which an Indemnified Party may incur (or which may be claimed against an Indemnified Party by any Person) by reason of or in connection with the execution and delivery of and consummation of the transactions contemplated under this Agreement and any Loan Document, including, without limitation, the execution and delivery of, or payment or failure to pay by any Person (other than the Bank, as and when required by the terms and provisions hereof) under this Agreement; *provided, however*, that the City shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (y) the willful misconduct or gross negligence of the Bank. Nothing in this Section 7.09 is

intended to limit the obligations of the City to pay its other obligations hereunder and under the Loan Documents.

Section 7.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together shall constitute one and the same instrument.

Section 7.11 Severability. If any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 7.12 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 7.13 Dissemination of Information. The Bank may disseminate information relating to the City, this Agreement or any Loan (i) in connection with any assignment or participation; (ii) upon the order of any court or otherwise to the extent required by statute, rule, regulation or judicial process; (iii) to bank examiners or upon the request or demand of any other administrative, regulatory agency, or authority; or (iv) to any domestic or foreign branch, subsidiary or affiliate, representative office or agent of the Bank and third parties selected by any of the foregoing entities, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes), or in connection with the Bank's performance, administration or enforcement of this Agreement.

Section 7.14 USA PATRIOT Act. The Bank, to the extent that it is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), hereby notifies the City that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Act.

[signature page immediately follows]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement, effective as of the day and year first above written.

CITY OF CHICAGO

By: REDACTED
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Title: REDACTED

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement, effective as of the day and year first above written.

CITY OF CHICAGO

By:_____
Title: REDACTED

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: REDACTED
Title:

EXHIBIT A

UNITED STATES OF AMERICA
CITY OF CHICAGO

CITY OF CHICAGO
LOAN NOTE

$200,000,000

Chicago, Illinois
April 25, 2014

THE CITY OF CHICAGO (the "City") hereby promises to pay to the order of JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association (the "Bank") in the manner and on the dates provided in the hereinafter defined Agreement in lawful money of the United States of America and in immediately available funds the aggregate amount of all Obligations of the City owing to the Bank pursuant to the terms of the Agreement, plus accrued interest thereon. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Revolving Line of Credit Agreement dated as of April 25, 2014 (as it may be amended from time to time, the "Agreement"), by and between the City of Chicago and the Bank.

This Loan Note is the Loan Note referred to in the Agreement. This Loan Note is issued pursuant to and in accordance with the Constitution and laws of the State of Illinois, pursuant to and in accordance with that certain ordinance adopted by the City Council of the City on May 1, 2002, as amended by (i) that certain ordinance adopted by the City Council of the City on March 14, 2012, and (ii) that certain ordinance adopted by the City Council of the City on February 5, 2014 (collectively, the "Ordinance"), to evidence Obligations, if any, made for the purpose of providing funds to the City.

This Loan Note constitutes a direct and general obligation of the City to which the full faith, credit and resources of the City are pledged.

The City hereby authorizes the Bank to make appropriate notations on Schedule 1 attached hereto of all Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the Bank's failure to make any such notation or any defect therein shall not affect the obligations of the City to pay the full amount of the principal of and interest on all Loans.

Reference is hereby made to the Ordinance and the Agreement for the provisions, among other things, with respect to the nature and extent of the security for this Loan Note, the manner and enforcement of such security, the custody and application of the proceeds of this Loan Note and the rights, duties and obligations of the City and the Bank.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and to be performed, precedent to and in the issuance of this Loan Note, do exist,

have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Illinois, and that the total indebtedness of the City, including indebtedness evidenced by this Loan Note, does not exceed any Constitutional or statutory limitation. This Loan Note shall be governed by and construed in accordance with the internal laws of the State of Illinois.

IN WITNESS WHEREOF, the City, by authority of its City Council, has caused this note to be signed for and on its behalf and in its name by the Chief Financial Officer, and the official seal of the City of Chicago to be affixed hereto, all as of the 25th day of April, 2014.

CITY OF CHICAGO

By:_____
Name: REDACTED
Title: REDACTED

LOAN NOTE
SCHEDULE 1

LOANS AND
REPAYMENTS OF LOANS

Date	Amount of Loan	Taxable or Tax-Exempt Loan	Eurodollar Rate or ABR Rate with Respect Thereto	Amount of Principal Repaid	Unpaid Principal Balance of Loans	Notation Made By

EXHIBIT B

BORROWING REQUEST

_____, 20___

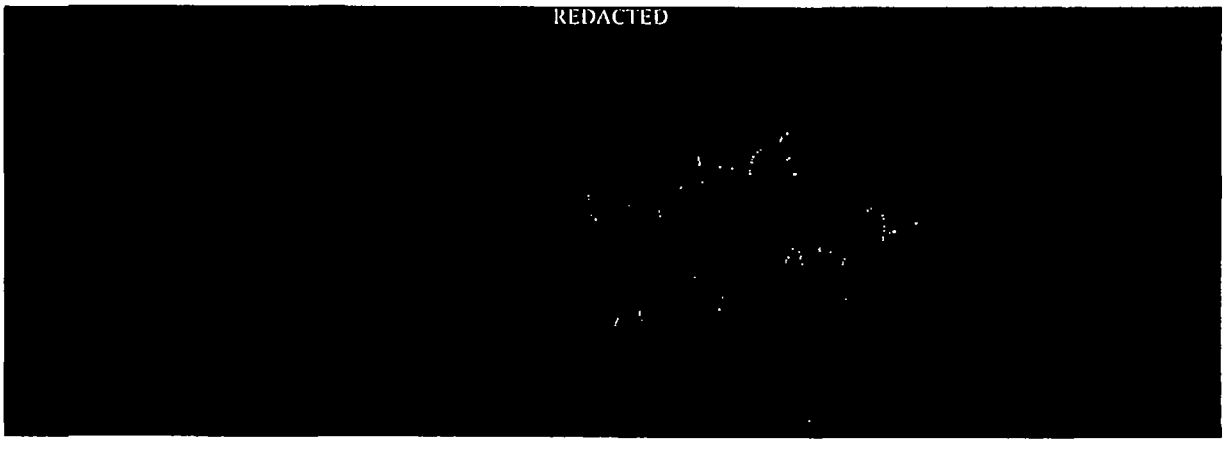
JPMorgan Chase Bank, National Association
REDACTED

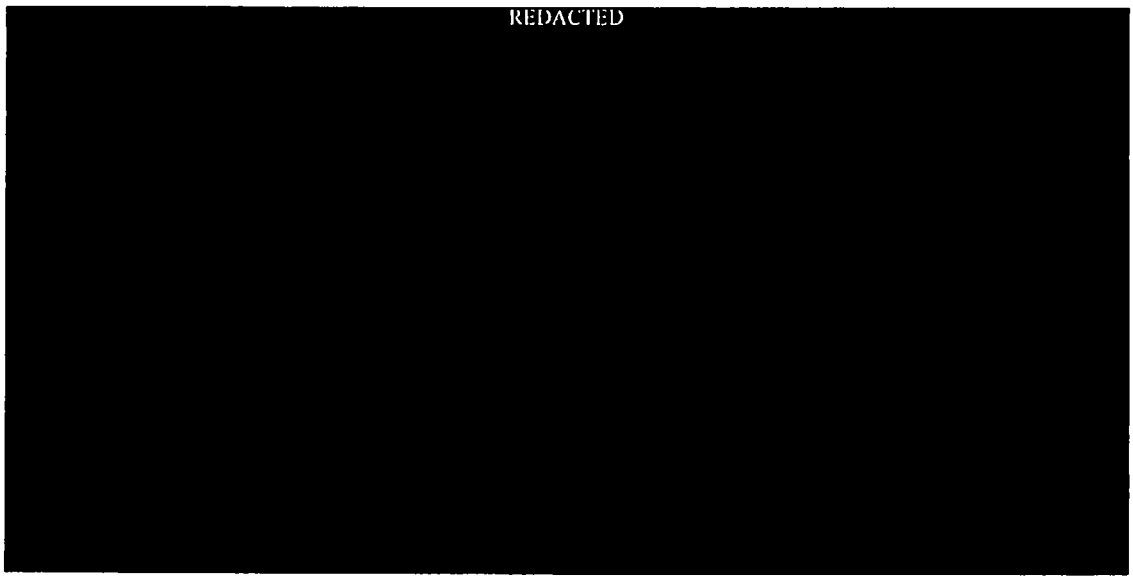
With a copy to:

JPMorgan Chase Bank, National Association
REDACTED

Re: Borrowing Request

This Borrowing Request is being delivered pursuant to Section 2.03 of the Revolving Line of Credit Agreement, dated as of April 25, 2014 (the "Credit Agreement"), between the City of Chicago (the "City") and JPMorgan Chase Bank, National Association (the "Bank"). All capitalized terms used but not defined herein shall have the meaning specified for such terms in the Credit Agreement.





Dated: _____, 20__ CITY OF CHICAGO

By:_____
Name:
Title:

EXHIBIT C

REALLOCATION OF COMMITMENT NOTICE

_____, 20___

JPMorgan Chase Bank, National Association
[redacted]

With a copy to:

JPMorgan Chase Bank, National Association
[redacted]

Re: Reallocation of Commitment Notice

This Reallocation of Commitment Notice is being delivered pursuant to, and in accordance with, Section 2.01(b) of the Revolving Line of Credit Agreement, dated as of April 25, 2014 (the "Credit Agreement"), between the City of Chicago (the "City") and JPMorgan Chase Bank, National Association (the "Bank"). All capitalized terms used but not defined herein shall have the meaning specified for such terms in the Credit Agreement.

The City hereby irrevocably notifies the Bank that the Commitment of the Bank shall be allocated between the Tax-Exempt Commitment and the Taxable Commitment as follows:

1. Prior to giving effect to this Reallocation of Commitment Notice, the Tax-Exempt Commitment of the Bank under the Credit Agreement is $_____, and the Taxable Commitment of the Bank under the Credit Agreement is $_____.

2. Pursuant to this Reallocation of Commitment Notice, the City hereby requests that the Tax-Exempt Commitment of the Bank under the Credit Agreement be changed to $_____, and the Taxable Commitment of the Bank under the Credit Agreement be changed to $_____.

3. Following such reallocation, (a) the sum of the total Tax-Exempt Loans outstanding shall not exceed the Tax-Exempt Commitment, (b) the sum of the total Taxable Loans outstanding shall not exceed the Taxable Commitment, and (c) the sum of the total Loans outstanding shall not exceed the Commitment.

4. The Business Day of the requested effective date of the reallocation is: _____, 20___.

Dated: _____, 20__ CITY OF CHICAGO

By:_____
Name:
Title:

EXHIBIT C

THE NOTE

UNITED STATES OF AMERICA
CITY OF CHICAGO

CITY OF CHICAGO
LOAN NOTE

$200,000,000

Chicago, Illinois
April 25, 2014

THE CITY OF CHICAGO (the "City") hereby promises to pay to the order of JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association (the "Bank") in the manner and on the dates provided in the hereinafter defined Agreement in lawful money of the United States of America and in immediately available funds the aggregate amount of all Obligations of the City owing to the Bank pursuant to the terms of the Agreement, plus accrued interest thereon. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Revolving Line of Credit Agreement dated as of April 25, 2014 (as it may be amended from time to time, the "Agreement"), by and between the City of Chicago and the Bank.

This Loan Note is the Loan Note referred to in the Agreement. This Loan Note is issued pursuant to and in accordance with the Constitution and laws of the State of Illinois, pursuant to and in accordance with that certain ordinance adopted by the City Council of the City on May 1, 2002, as amended by (i) that certain ordinance adopted by the City Council of the City on March 14, 2012, and (ii) that certain ordinance adopted by the City Council of the City on February 5, 2014 (collectively, the "Ordinance"), to evidence Obligations, if any, made for the purpose of providing funds to the City.

This Loan Note constitutes a direct and general obligation of the City to which the full faith, credit and resources of the City are pledged.

The City hereby authorizes the Bank to make appropriate notations on Schedule 1 attached hereto of all Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however,* that the Bank's failure to make any such notation or any defect therein shall not affect the obligations of the City to pay the full amount of the principal of and interest on all Loans.

Reference is hereby made to the Ordinance and the Agreement for the provisions, among other things, with respect to the nature and extent of the security for this Loan Note, the manner and enforcement of such security, the custody and application of the proceeds of this Loan Note and the rights, duties and obligations of the City and the Bank.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and to be performed, precedent to and in the issuance of this Loan Note, do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Illinois, and that the total indebtedness of the City, including indebtedness evidenced by this Loan Note, does not exceed any Constitutional or

statutory limitation. This Loan Note shall be governed by and construed in accordance with the internal laws of the State of Illinois.

IN WITNESS WHEREOF, the City, by authority of its City Council, has caused this note to be signed for and on its behalf and in its name by the Chief Financial Officer, and the official seal of the City of Chicago to be affixed hereto, all as of the 25th day of April, 2014.

CITY OF CHICAGO

By: [redacted]
Name: Lois A. Scott
Title: Chief Financial Officer

LOAN NOTE
SCHEDULE 1

LOANS AND
REPAYMENTS OF LOANS

Date	Amount of Loan	Taxable or Tax-Exempt Loan	Eurodollar Rate or ABR Rate with Respect Thereto	Amount of Principal Repaid	Unpaid Principal Balance of Loans	Notation Made By

EXHIBIT D

RATING AGENCIES REPORTS

FitchRatings

Fitch Rates Chicago, IL's ULTGOs 'A-'; Outlook Negative

Ratings Endorsement Policy
24 Feb 2014 4:27 PM (EST)

Fitch Ratings-New York-24 February 2014: Fitch Ratings has assigned an 'A-' rating to the following Chicago, IL bonds:

--$108.9 million general obligation bonds, project series 2014A;
--$108.2 million general obligation bonds, refunding series 2014B;
--$43.3 million general obligation bonds, taxable project series 2014C;
--$127.3 million general obligation bonds, taxable refunding series 2014D.

Proceeds will be used to refund various outstanding series for overall restructuring purposes, to fund various capital improvements, and to finance legal settlement payments. The bonds are expected to sell the week of March 3rd via negotiation.

Fitch has also affirmed the following ratings:

--$8 billion unlimited tax general obligation (ULTGO) bonds at 'A-';
--$602 million sales tax bonds at 'A-';
--$200 million commercial paper notes, 2002 program series A (tax exempt) and B (taxable) bank bond rating at 'BBB+'.

The Rating Outlook is Negative.

SECURITY

The ULTGO bonds are secured by the city's full faith and credit and its ad valorem tax, without limitation as to rate or amount.

The sales tax bonds are secured by a first lien on the city's 1.25% home rule sales and use tax and the city's local share of state-distributed 6.25% sales and use tax. Additionally, there is a springing debt service reserve, funded over a 12-month period, that is triggered if coverage falls below 2.5x.

The bank bond rating for the commercial paper (CP) notes is based upon the city's general obligation pledge payable from any legally available funds without an ability or obligation to levy additional taxes. The CP notes are additionally secured by a letter of credit.

KEY RATING DRIVERS

LACK OF PENSION SOLUTION; LIMITED OPTIONS: The 'A-' and Negative Outlook reflect the lack of meaningful solutions to both the near- and long-term burdens associated with the city's underfunded pension plans. The city has been unsuccessful thus far in its attempts to negotiate a solution with labor unions and lobby the state legislature, which ultimately controls the benefit formula, although efforts to forge a solution persist

OTHER IMPROVEMENT EVIDENT; BUDGET STILL TIGHT: Pension concerns overshadow recent improvement in other aspects of the city's credit profile. Recent budgets have been narrowly balanced with lesser reliance upon one-time items. Maintenance of significant long-term reserves is an important element of financial flexibility.

WEAK DEBT PROFILE & OVERLAPPING PENSION BURDEN EXACERBATES PRESSURE: Pension stress exacerbates the already weak debt profile, which features above-average debt burden and slow payout Several overlapping area governments also have underfunded pension systems, which will require some measure of increased funding, presenting a stacked burden on residents and taxpayers.

ECONOMIC HUB; SLUGGISH RECOVERY: Chicago serves as an economic hub for the Midwest region and maintains good prospects for long-term stability if not expansion. Growth in cyclical revenues reflects a measure of economic recovery; however, high unemployment persists and property tax base recovery has been elusive.

RATING SENSITIVITIES

PENSION REFORM: Maintenance of the 'A-' rating requires implementation of an attainable plan to put all city pension plans on a clear path towards adequate funding. Fitch believes a pension solution that enhances funding levels while preserving sustainable budgetary balance is necessary to stabilize the credit. Inaction, or affirmative steps to avoid actuarial-based funding of pensions, will have a negative impact on the rating.

ULTGO RATING SERVES AS A CAP TO SALES TAX AND CP (BANK BOND) RATINGS: The ULTGO rating serves as a ceiling to the sales tax rating. The CP (bank bond) rating is capped one notch below the ULTGO rating. A downgrade of the ULTGO rating, therefore, would result in a downgrade to both the sales tax and CP (bank bond) ratings.

CREDIT PROFILE

PENSION RISKS OVERSHADOW RECENT FISCAL IMPROVEMENT

Fitch recognizes the current administration's notably improved financial and budgetary management which has brought the city closer to structural balance, following the prior administration's long-term trend of reliance upon asset sales and other non-recurring items to fund operations. This improvement, however, is inflated by the making of statutorily-based pension payments, which severely underfund the ARC. Fitch considers full ARC funding a necessary component of structural balance.

MANAGEMENT'S PENSION OPTIONS ARE LIMITED

Management has presented a plan to address the pension problem but lacks the legal authority to implement it unilaterally. Direct negotiations with labor groups have failed to yield a solution and attempts to lobby the legislature for benefit changes which would reduce the unfunded actuarially accrued liability (UAAL) have been unsuccessful thus far.

Any changes to the benefit structure would require an act of the state legislature, which recently passed legislation to address the Chicago Park District as well as its own pension funding issues. The legislature has identified local pension reform as a high priority for the current legislative session. Even if the legislature were to pass comprehensive pension reform for the Chicago pension plans, Illinois law affords strong legal protection to pension benefits and Fitch expects that any such changes would face protracted legal challenges.

LONG-TERM PENSION RISKS

The combination of low funded ratios and a statutorily-based contribution requirement that funds approximately one-third of the ARC is unsustainable. Each year of sub-ARC funding results in an increase in the ARC for the subsequent year, and a widening distance between statutory and ARC payment.

The amount that would be required to amortize the unfunded liability grows larger as time passes, both in nominal terms and as a percent of governmental spending, threatening to crowd out other city spending priorities. The combined reported funding ratio for the four plans has declined steadily, reaching a low 35.2% at Dec. 31, 2012 and down from 57.3% five years ago. Fitch estimates the funding ratio to be a weaker-still 32.9%, assuming a 7% rate of return.

NEAR-TERM PENSION RISKS

Management is focused on reducing the size of the liability, but any meaningful solution to the pension funding problem is likely to require significantly higher annual contributions from the city. Fiscal 2012 carrying costs for pension, OPEB and debt service would have amounted to a very high 35.0% of governmental fund spending if the ARC were fully funded, well above the 19.5% burden under the current statutorily-based payment structure.

State law requires dramatically increased annual funding requirements for two of the city's four pension systems beginning in 2016, which would need to be addressed in the fiscal 2015 budget. The new formula requires a contribution that would be sufficient to bring both the police and fire systems to 90% funding level by 2040.

The city estimates the annual requirement will rise by $590 million as a result, an amount that will raise carrying costs to

above-average levels. Legislation to delay the implementation and to require property tax increases to fund it has been introduced, but the legislature has not acted on it. Fitch believes deferral of the increased actuarially based requirement would exacerbate the problem absent a meaningful reduction in the UAAL.

LONG-TERM LIABILITY PRESSURE HEIGHTENED BY OVERLAPPING STRESS

The city's weak long-term liability profile is characterized by its underfunded pensions combined with its above-average overall debt burden of 8.5% of market value. Payout is slow at 37% and annual 'scoop and toss' restructurings continue to marginally weaken debt structure.

The widespread use of statutorily-based pension contributions for single employer plans in Illinois results in multiple underfunded Chicago area pension plans, placing stress on the city's residents and taxpayers. As a home rule entity, the city has a variety of revenue-raising options available to it; but typically, such plans are funded from the property tax levy. If the city were to raise its property tax sufficient to fully fund the ARC (2012 level) with no offsetting revenue increase or liability reduction, the tax levy/rate would rise a dramatic 136%.

The city's property tax comprises 20% of the overall property tax bill, so the increase to an individual property owner would be materially less at approximately 15%. Fitch estimates that if each area government including the city raised its property tax rate to cover the ARC (2012 level) with no corresponding reduction in the liability, the overall impact to an individual payer would be a 35% tax increase. Fitch believes such an increase could present stress to the local economy, which has been slow to recover from the recession. Both the city and the overall increase required under this scenario will rise each year as funding levels fall and the ARC grows.

ECONOMIC HUB; SLUGGISH RECOVERY

Chicago's population totaled 2.7 million in 2012, down 7% from the 2000 census, but still accounts for 21% of the state's population. The city's highly educated work force supports its status as a major financial and business services center. Educational attainment levels are strong, with nearly 33% achieving a bachelor's degree and 13% an advanced degree, compared with the U.S. averages of 28.2% and 10.5%, respectively.

Employment contracted 0.1% in 2013 following a gain of over 20,000 jobs or 2.2% in 2012. Gains in professional and business services and transportation and utilities offset reductions in both manufacturing and government. The unemployment rate remains elevated. The November 2013 rate of 9.6% was marginally lower than the 9.7% recorded a year prior, reflecting stable employment and a slight contraction of the labor force over that time frame. The rate compares unfavorably to the 8.3% rate recorded by the state and the 6.6% by the U.S.

Overall income and wealth indices are mixed. Per capita income is at 95% of the state and 100% of the U.S. levels; however, the poverty rate remains elevated at 21.4%, much higher than the U.S. average of 14.3%. Economically sensitive tax revenues have recovered to pre-recession levels. The tax base, down 30% over the past four years, has not yet shown signs of recovery, due in part to the lagging assessment cycle.

NON-PENSION FINANCIAL PERFORMANCE IMPROVING

Management has made significant progress toward matching ongoing revenues with non-pension annual expenditures. Fitch views positively the city's stated commitment to ending the practice of using the corpus of its long-term reserves to balance the operating budget. Other recurring improvements over the past two years include a hiring freeze for non-essential positions, the elimination of 2,000 vacant positions and a marked reduction in retiree health care costs, although the latter is subject to litigation.

REVENUE FLEXIBILITY A STRENGTH

Fitch views the city's home rule status as a credit positive, fostering revenue independence and flexibility. The general fund derives support from utility taxes, state sales taxes, transaction taxes, and recreation taxes among others. The general fund does not rely upon property taxes for operations, as they are earmarked for pensions, library expenses and debt service.

The city's home rule status also exempts it from the state's Property Tax Extension Limitation Act. A self-imposed limit matches that of the state, limiting increases in the levy to the lesser of 5% or the CPI. In recent years, the city has kept its levy flat, without accessing the allowable growth. Fitch believes the self-imposed levy limit is relatively flexible and that increased property taxes may provide an important source of funding for potential future increases in pension payments.

FY2012 AUDITED DEFICIT; FY2013 ESTIMATES FAVORABLE

The general fund recorded a $101 million operating deficit after transfers reflecting -3.3% of spending in fiscal 2012, the first full year under the current mayor. This compares favorably to the budgeted appropriation of $143 million of general fund balance, supported by some recurring solutions and the use of reserves from other funds.

Fiscal 2012 unrestricted general fund balance dropped to 6.8% from 10.2% of spending a year prior. Fitch views the approximately $625 million, or 20.1% of fiscal 2012 general fund spending, in the service concession and reserve fund as an important element of financial flexibility. The sum includes the remaining amount of the Skyway lease proceeds.

Published preliminary fiscal 2013 results show revenues outperforming budget by a larger margin than expenditures exceeded budget. Detail is not yet available, but early projections indicate a net positive budgetary variance of $45 million which if realized, may decrease further the amount of reliance on non-recurring sources. The preliminary fiscal 2014 budget seeks to appropriate $50 million of identified surplus from fiscal 2013, to be used toward increased police overtime expenses.

FY2014 BUDGET BALANCED WITH RECURRING AND ONE-TIME ITEMS

The $3.3 billion fiscal 2014 budget closed the previously identified budget gap of $338.7 million through a variety of recurring and one-time measures. Revenue measures include an assumed $101 million growth in economically sensitive revenues, $53 million of general fund and $35 million other fund balances, and $34 million of increased taxes, fees and fines. Expenditure measures include $66 million of savings, including $24 million of savings from the elimination of retiree health care for certain retirees, which is subject to litigation.

Fitch believes that these identified measures are achievable given the city's recent history of budgetary adherence; however, Fitch will not consider the city's financial operations to be structurally balanced until recurring revenues support recurring expenditures, including actuarially based pension costs.

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In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria' (Aug. 14, 2012);
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 14, 2012).

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

Additional Disclosure
Solicitation Status

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Summary:

Chicago; General Obligation; Joint Criteria

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Outlook

Related Criteria And Research

Summary:

Chicago; General Obligation; Joint Criteria

Credit Profile		
US$127.0 mil GO bnds taxable rfdg ser 2014D due 01/01/2044		
Long Term Rating	A+/Negative	New
US$109.0 mil GO bnds project ser 2014A due 01/01/2039		
Long Term Rating	A+/Negative	New
US$108.0 mil GO bnds rfdg ser 2014B due 01/01/2033		
Long Term Rating	A+/Negative	New
US$44.0 mil GO bnds taxable proj ser 2014C due 01/01/2044		
Long Term Rating	A+/Negative	New
Chicago GO		
Long Term Rating	A+/Negative	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'A+' rating to Chicago's series 2014A, 2014B, 2014C, and 2014D general obligation (GO) bonds and affirmed its 'A+' rating on Chicago's (GO) bonds outstanding under our local GO criteria, released Sept. 12, 2013. The negative outlook reflects our view of the risks involved in how the city will address its upcoming, large pension payments.

A pledge of the city's full faith credit and resources, as well as ad valorem property taxes without limitation as to rate or amount, secures its GO bonds.

The rating reflects our assessment of the following factors for the city, specifically its:

- Strong, broad, and diverse economy given its status as a major regional economic center;
- Adequate budgetary flexibility, which indicates that, although the city has home rule status, which provides increased taxing and borrowing capacity, its flexibility is limited by the city's historical reluctance to adjust property taxes;
- Very weak budgetary performance, reflecting recent deficits and reliance on reserves to balance operations and an outlook of continued budget challenges; however, we note that the city has no plans to utilize its long-term reserves in the service concession reserve fund;
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures;
- Strong management conditions with good financial practices and policies in place;
- Very weak debt and contingent liabilities position, driven mostly by the city's high net direct debt; and
- Weak Institutional Framework score.

Strong economy

We consider Chicago's economy to be strong, broad, and diverse, with employment opportunities spanning all the major industries. Furthermore, the city is home to the headquarters of several large corporations, has a large tourism

base, and is a transportation hub. Cook County's unemployment rate historically tracks higher than the state and peaked at 10.8% in 2010, but has since fallen to 9.3% in 2012. Chicago's per capita effective buying income (EBI) was 96% of the national average in 2012, which we consider adequate. The city's per capita EBI as a percent of the U.S. is projected to remain the same, at 96% by 2017. Per capita market value for the city was adequate at $82,088 in fiscal 2013. Equalized assessed value peaked at $84.7 billion in levy year 2009, and has fallen since then to $65 billion for levy year 2012, reflecting a decline in city home prices and the impact of a recent revaluation. However, the trend in equalized assessed value does not affect the city's year-over-year property tax revenues since the city extends taxes based on amount, rather than on rate.

Adequate budget flexibility

In our opinion, the city's budgetary flexibility is helped by its reserves in the service concessions and reserve funds. At the close of fiscal 2012 (Dec. 31), the general fund unassigned balance was thin at $33.4 million, or 1.1% of expenditures. With respect to revenues, fiscal 2013 ended on a positive note due to an estimated $75 million positive revenue variance although we expect the overall total general fund balance will likely decline due to the planned use of the $177 million assigned fund balance. The fiscal 2014 general fund budget calls for a $53.4 million use of reserves, reflecting the appropriation of $30 million of the unassigned fiscal 2012 general fund balance and $20 million of 2013 positive revenue budget variance. The long-term Skyway and parking meter reserves stood at $624.8 million, or 20% of expenditures. The city has adopted ordinances that discourage spending down the reserves in the service concessions and reserve funds, indicating to us that those reserves, specifically, will not be drawn down going forward. The city budgeted to add $15 million to the service concession and reserve funds in budget year 2013 and $5 million in 2014; this would follow $20 million deposited during fiscal 2012.

Although the city has taxing flexibility owing to its home-rule status, it has not historically availed itself of that flexibility. Hindering budget flexibility is a political unwillingness historically to raise property taxes to meet budgetary challenges, particularly with respect to looming pension payment increases. In our view, the city also has a limited capacity to cut spending given that nearly two-thirds of 2012 general fund expenses were in the area of public safety.

Very weak budgetary performance

The city's budgetary performance, in our view, has been very weak overall for the past four fiscal years and it continues to faces significant challenges. In fiscal years 2009 through 2011, the general fund ended with surpluses but relied heavily on one-shot budget balancing maneuvers, including large transfers in from the service concession reserve fund. The service concession reserve fund had been pumped up with cash from the sale of leased assets, including the Skyway and parking meters. The service concession reserve fund now holds $625 million, and city ordinances only allow interest generated in the fund to be transferred out. In fiscal 2012, the city balanced its budget with minimal transfers in from other funds but ended the year with a $101 million general fund shortfall. The city's $2.9 billion of general fund revenue consists of a diverse array of revenues, the largest being sales taxes ($572 million, or 20%). Although the general fund revenue stream is diverse, expenditures are strongly concentrated in public safety, which accounted for 63% of expenses in 2012 The city is taking steps to manage these costs, and year-over-year they rose only 1.3% in 2012. In 2013, the city budgeted to use its $177 million assigned general fund balance, which represents carryover of unbudgeted revenue growth from fiscal 2012. Fiscal 2013 positive budget variances in property, sales, and income taxes contributed to actual but unaudited overall revenues exceeding budgeted revenues

by $75 million (about 2.5% of the budget). Fiscal 2013 actual expenditures were on track with the $3 billion budget. The $3.2 billion 2014 budget was balanced with the use of $53 million of general fund reserves. The budget increases 4% year-over-year, assumes tax revenue growth, and relies upon $97.1 million in nonrecurring revenue sources. The economic recovery suggests that revenues could improve in the near term. However, the city faces significant challenges with respect to managing its costs, most notably with respect to its pensions. Should the city fail to obtain state legislative relief to phase in the contributions or to reduce the liabilities, it will face more than a $600 million increase in annual pension contributions to its police and fire plans in fiscal 2016. However, decisions about how to fund the increased contributions must be made in late calendar 2014 if the revenues are to be realized in time to make the payments in 2016. At this time, the city's position is that it will continue to seek legislative support and labor concessions. Even if the city is able to smooth out the contributions, the increased costs will likely be an impediment to significant future budget surpluses.

Very strong liquidity

Supporting the city's finances is liquidity we consider to be very strong, with total government available cash of more than 100% of debt service. We believe the city has exceptional access to external liquidity. The city has issued bonds frequently during the past 15 years, including GO bonds, enterprise fund revenue bonds, and sales tax bonds.

Strong management

We view the city's management conditions as strong, supported by "good" financial management practices under our financial management assessment (FMA). The city produces long-term financial and capital plans, which officials update annually. The city has a formal debt management policy and has adopted ordinances that limit the use of nongeneral fund reserves for budget-balancing purposes.

Very weak debt and contingent liability profile

In our opinion, the city's debt and contingent liabilities profile is very weak, with pension funding levels and upcoming pension payments posing a significant challenge. The city has a combination of fixed-rate and variable-rate debt, and swaps are utilized to hedge risk. We do not view the city's debt portfolio as being vulnerable to interest rate risk or speculative contingent liabilities. Direct debt is manageable in our view, with total governmental fund debt service at 13% of total governmental fund expenditures in 2012. The city has a roughly $3 billion, five-year bond program, most of it focused on water and sewer projects. We do not expect debt issuance within the next two years to lead to significant increases in the GO debt burden. The city has used bonds to improve and modernize its infrastructure.

The city's debt profile is challenged by its pension obligations. The city contributes to four different pension plans. The city's budgets include pension payments for the four defined benefit plans that fully meet the statutorily required amounts. However, current state statutes in effect base contributions on a multiple of payroll and do not address unfunded liabilities. The budgeted pension payment amount for 2013 is $479.5 million, based on the statutory formula. This stops short of the $1.47 billion actuarially required contribution (ARC) determined in the Dec. 31, 2012 actuarial report. If it was included in the 2013 corporate fund budget, the ARC payment of $1.5 billion would represent roughly 35% of the corporate fund budget, an amount we consider very high.

The overall unfunded liability of the four plans is $19 5 billion as of 2012, up from $11.9 billion in 2009, and the plans altogether are 35% funded Funding levels for each of the plans are as follows:

- The municipal employees plan: 38% funded, with an $8.4 billion unfunded liability;
- The laborers' plan: 56% funded, with a $1.02 billion unfunded liability;
- The police officers' plan: 31% funded, with a $6.9 billion unfunded liability; and
- The fire fighters' plan: 25% funded, with a $3.03 billion unfunded liability.

Legislation was enacted by the state in 2010 to reduce benefits in the four defined-benefit pension plans, which in the long-term could ease budgetary pressure. However, the city's budget faces the more immediate pressure from legislation that changed the statutory formula guiding the police and fire pension contributions, bringing those more in line with an actuarial funding methodology and a 90% funding goal by 2040. The effect of the legislation causes contributions to rise from the current $480 million to roughly $1.1 billion in 2016. We feel the legislation has positive implications for the future health of the police and fire plans, but in the meantime it has the potential to become a source of budget stress given that the city has indicated an unwillingness to rely on property tax increases to fund this cost. The city's home rule status provides the city with the ability to raise virtually any tax without voter approval, but if the city is to go this route, it will have to make a decision to adopt a tax increase in enough time to then set the rate and begin collecting the revenue for the 2016 payment. If the city were to raise its property tax rate to fund the pension payments, it would have to set the rate by the end of calendar 2014 in order for the tax to be on the fall 2015 tax bills. A sales tax increase would need a similar implementation date in order to ensure timely collections. These examples serve to illustrate that the pension payment in 2016 is a more immediate priority than the payment date suggests. The statutory formula guiding the city's other two pension systems -- municipal employees and laborers -- has not changed, and those contributions are based on a multiple of payroll. So while those contributions are not expected to materially increase in the future, and thus are not a source of budget stress, the city does estimate that the assets in those plans could be depleted at some point after 2020.

Thus, in our opinion, the status of the city's pension plans has significant rating implications both from a near-term and long-term perspective. In our view, the city's lack of progress in making structural changes in pension funding is a negative credit factor.

The city is currently party to an other postemployment benefit (OPEB) settlement agreement that capped its liability until the agreement expired June 30, 2013. The city has obligated itself to provide OPEB benefits through the end of its fiscal year, Dec. 31, 2013. As of Jan. 1, 2014, the city continues to contribute 55% of the cost to eligible employees who retired prior to Aug. 23, 1989. For all other employees, the plan will be phased out entirely by Jan. 1, 2017, when the Patient Protection and Affordable Care Act will take its place. Under the current plan, the city's OPEB benefits extend to police, municipal, fire, and laborer's pension fund retirees and eligible dependents. The city's net OPEB expenses under the plan were $97.5 million in 2012. The city reported a $415.8 million unfunded actuarial accrued liability (UAAL) on its police, municipal, fire, and laborer's plans as of the Dec. 31, 2012 valuation. The UAAL on other city employees not covered under the aforementioned plans was $471 million as of the most recent valuation (Dec. 31, 2011).

Weak institutional framework

The institutional framework score for Chicago is weak, reflecting the lack of rigorous statutory requirements for financial reporting and a large unfunded mandate with respect to pension contributions. See the Institutional Framework score for Illinois

Outlook

The negative outlook reflects our view of the city's upcoming spike in pension costs, which could potentially become a source of budget stress. We could lower the rating by the end of 2015 if the city substantially draws down its reserves in an effort to increase its pension payments in line with state mandates, regardless of whatever relief the state legislature may provide. In order for us to affirm the rating and return the outlook to stable, we would need to see the city successfully absorb its higher pension costs while maintaining balanced budgetary performance and reserves at or near their current level.

Related Criteria And Research

Related Criteria

USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Illinois Local Governments

Ratings Detail (As Of February 24, 2014)		
Chicago GO bnds proj		
Long Term Rating	A+/Negative	Affirmed
Chicago GO bnds var rate demand bnds rfdg ser 2007G		
Long Term Rating	AAA/A-1	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO pre-rfd ser 2007C (wrap of insured) (MBIA & National) (AGM) (SEC MKT)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO variable rate dem bnds rfdg ser 2007F		
Long Term Rating	AAA/A-1	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO VRDBs (Neighborhoods Alive 21 Prog) ser 2002B- 5		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO VRDBs (Neighborhoods Alive 21 Prog) ser 2002B-3		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO VRDBs (Neighborhoods Alive 21 Prog) ser 2002 B-4		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO VRDO ser 2005D-1		
Long Term Rating	AAA/A-1	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed

Ratings Detail (As Of February 24, 2014) (cont.)

Chicago GO VRDO ser 2005D-2		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (wrap of insured) (AMBAC & AGM)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (wrap of insured) (AMBAC & AGM) (SEC MKT)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (wrap of insured) (AMBAC & BHAC) (SEC MKT)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (wrap of insured) (FGIC & BHAC) (SEC MKT)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (AGM)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (AGM) (SEC MKT)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (ASSURED GTY)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (BAM)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (FGIC)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (FGIC) (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Chicago GO VRDB ser 2003B-1		
Long Term Rating	A+/A-1/Negative	Affirmed
Chicago GO VRDB ser 2007EFG		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed
Long Term Rating	AAA/A-1	Affirmed
Chicago GO (CIFG)		
Unenhanced Rating	A+(SPUR)/Negative	Affirmed

Many issues are enhanced by bond insurance

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MOODY'S
INVESTORS SERVICE

New Issue: Moody's downgrades Chicago, IL to Baa1 from A3, affecting $8.3 billion of GO and sales tax debt

Global Credit Research - 04 Mar 2014

Also downgrades water and sewer senior lien revenue bonds to A2 from A1 and second lien revenue bonds to A3 from A2, affecting $3.3 billion of debt; outlook negative for all ratings

CHICAGO (CITY OF) IL
Cities (including Towns, Villages and Townships)
IL

Moody's Rating

ISSUE		RATING
General Obligation Bonds, Project Series 2014A		Baa1
Sale Amount	$109,000,000	
Expected Sale Date	03/06/14	
Rating Description	General Obligation	
General Obligation Bonds, Refunding Series 2014B		Baa1
Sale Amount	$108,000,000	
Expected Sale Date	03/06/14	
Rating Description	General Obligation	
General Obligation Bonds, Taxable Project Series 2014C		Baa1
Sale Amount	$44,000,000	
Expected Sale Date	03/06/14	
Rating Description	General Obligation	
General Obligation Bonds, Taxable Refunding Series 2014D		Baa1
Sale Amount	$127,000,000	
Expected Sale Date	03/06/14	
Rating Description	General Obligation	

Moody's Outlook NEG

Opinion

NEW YORK, March 04, 2014 --Moody's Investors Service has downgraded the City of Chicago's (IL) general obligation (GO) and sales tax ratings to Baa1 from A3; water and sewer senior lien revenue ratings to A2 from A1; and water and sewer second lien revenue ratings to A3 from A2. The outlook on all ratings is negative.

Concurrently, Moody's has assigned a Baa1 rating to the following new issuances: $109 million GO Bonds, Project Series 2014A, which will fund various capital projects; $108 million GO Bonds, Refunding Series 2014B, which will refund certain outstanding debt maturities for expected interest savings; $44 million GO Bonds, Taxable Project Series 2014C, which will fund the payment of legal judgments; and $127 million GO Bonds, Taxable Refunding Series 2014D, which will restructure certain outstanding debt maturities for near-term budget relief. The rating actions affect $7.8 billion of GO debt, including the current bonds; $556 million of sales tax debt; $1.9 billion of water revenue debt, and $1.3 billion of sewer revenue debt.

SUMMARY RATING RATIONALE

The Baa1 rating on Chicago's GO debt reflects the city's massive and growing unfunded pension liabilities, which threaten the city's fiscal solvency absent major revenue and other budgetary adjustments adopted in the near term and sustained for years to come. The size of Chicago's unfunded pension liabilities makes it an extreme outlier, as indicated by the city's fiscal 2012 adjusted net pension liability (ANPL) of 8.0 times operating revenue, which is the highest of any rated US local government. While the Illinois General Assembly's recent passage of pension reforms for the State of Illinois (A3 negative) and the Chicago Park District (CPD) (A1 negative) suggests that reforms may soon be forthcoming for Chicago, we expect that any cost savings of such reforms will not alleviate the need for substantial new revenue and fiscal adjustments in order to meet the city's long-deferred pension funding needs. We expect that the city's pension contributions will continue to fall below those based on actuarial standards. The city's slowly-amortizing debt levels are also large and growing. The Baa1 rating also incorporates credit strengths including Chicago's large tax base that sits at the center of one of the nation's most diverse regional economies and the city's broad legal authority to raise revenue.

The Baa1 rating on Chicago's sales tax revenue bonds reflects the lack of legal segregation of pledged sales tax revenue from general operations, which caps the rating at the city's GO rating despite strong coverage of maximum annual debt service (MADS). The A2 and A3 ratings on the water and sewer senior and second lien revenue debt reflect the interconnectedness of the two enterprises with the city's general operations. Both systems are departments of the city, governed by the mayor and city council. Ratings on the water and sewer bonds remain above those of the city's GO and sales tax debt due to healthy credit fundamentals and the expectation that any potential increase in the utilities' share of annual pension payments would have a modest impact on the systems' overall financial operations. The difference in the ratings of the senior and second lien revenue debt reflects the stronger legal security and debt service coverage of both systems' senior liens.

The negative outlook reflects our expectation that, absent a commitment to significantly increase revenue and/or materially restructure accrued pension liabilities to reduce costs, the city's credit quality will likely weaken. The formidable legal and political barriers to these actions are incorporated in the outlook. The State of Illinois's constitutional protection of pension benefits raises the possibility that any attempt to reduce accrued benefits will be litigated by plan members. Ongoing unwillingness to sufficiently increase revenue ensures that annual pension payments will remain a considerable operating stress while continuing to fall well below actuarially sound contributions. As such, the city's financial operations will remain structurally imbalanced and the long-term solvency of the city's pension funds will be exposed to a significant degree of asset return risk.

LEGAL SECURITY

Debt service on Chicago's GO bonds, including the current offerings, is secured by the city's pledge to levy a tax unlimited as to rate or amount. Debt service on the sales tax revenue bonds is secured by the city's pledge of its home rule sales tax revenue and its allocation of state sales tax revenue. Debt service on the water revenue bonds is secured by net revenues of the city's water enterprise. Debt service on the city's sewer revenue bonds is secured by net revenues of the city's sewer enterprise.

STRENGTHS

- Chicago's revenue-generating capacity is substantial as evidenced by a very large property tax base and a sound socio-economic profile that reflects the city's role as the center of one of the nation's largest and most diverse economies

- Broad legal authority to increase property and sales taxes as an Illinois home rule unit of government

- Recent pension reform legislation passed by the State of Illinois for pension plans of the state and CPD suggests that pension reform legislation is forthcoming for the city

CHALLENGES

- Substantially underfunded pension plans carried a Moody's ANPL of $32 billion (net of enterprise support), equivalent to 8.0 times operating revenue (revenue in the General Fund, Debt Service Funds, and Pension Funds) in fiscal 2012; although actuarial valuations for the city's four pension plans are not yet available for fiscals 2013 and 2014, the city's continued underfunding in the past two years suggests that the plans' unfunded liabilities remain large

- Cumulative underfunding of pension payments relative to actuarially annual required contributions (ARCs)

exceeded $7 billion in the period of fiscal 2003 through fiscal 2014; continued underfunding provides the city with near term operating flexibility but hastens the plans' trajectory toward insolvency, which in turn could present extreme budgetary crises for the city

- Despite the prospect for pension cost reductions brought about through state legislation, unfunded liabilities will likely remain large; furthermore, the Illinois Constitution explicitly protects pension benefits, raising the possibility that an attempt to reduce accrued benefits of existing members would face litigation

- City management's legal ability to increase revenue to fund pensions at actuarially sound levels is offset by practical and political limitations to immediately raising taxes so as to support actuarially sound contributions to pension plans

- Operating budget is constrained by fixed costs, namely debt service and pension contributions, which comprise a growing percentage of the city's operating budget; annual pension costs are set to increase by $600 million in budget year 2015

- Direct and overall debt and pension burdens are well above average and growing; the substantial funding needs of overlapping governments exacerbate the practical limitations of generating new revenue from a shared tax base

DETAILED CREDIT DISCUSSION

YEARS OF INSUFFICIENT PENSION FUNDING DRIVE SUBSTANTIAL AND CONTINUED GROWTH IN UNFUNDED LIABILITIES

Chicago's four pension funds are in extremely poor condition following years of insufficient contributions from the city. From fiscal 2003 through fiscal 2012, Chicago underfunded its actuarially-determined ARC by a cumulative $5.1 billion, as annual underfunding grew from $108 million in fiscal 2003 to over $1 billion in fiscal 2012. As a consequence, the city's four-plan combined unfunded actuarial accrued liability (UAAL) ballooned from $5.4 billion in fiscal 2003 to $19.4 billion in fiscal 2012. Net of proportional shares allocated to business enterprises (water and sewer systems; O'Hare and Midway airports) based on actual contributions from those entities, the city's fiscal 2012 adjusted net pension liability is $32 billion. In the three years through fiscal 2012, the ANPL has averaged a very elevated 6.7 times annual operating revenue and 12.6% of full valuation.

While audited information is not yet available for fiscal 2013, the city's budget for that year included a payment of $480 million to the four pension funds. The budgeted payment was $1.2 billion less than the ARC calculated for 2013. The city's adopted fiscal 2014 budget included a similar $480 million payment to the pension funds, which likely falls well below the ARC for the current year. Because the city has continued to contribute far below actuarial standards, we expect fiscal 2013 and 2014 actual valuations of the pension plans to show that unfunded liabilities remain substantial.

STATE PENSION REFORM MAY MAKE POSSIBLE RESTRUCTURING OF ACCRUED BENEFITS BUT LIABILITIES WILL REMAIN LARGE

In December 2013, the Illinois General Assembly passed reform legislation for pension plans of the state and CPD. These developments are positive with respect to Chicago's credit profile as they suggest the state legislature may soon turn its attention to crafting a similar reform package for the city. However, while restructuring of accrued pension liabilities is possible, the city's exposure to unfunded liabilities will remain very high going forward. To achieve material savings, state legislation would have to significantly reduce accrued liabilities of the city's four pension plans. To achieve a significant reduction in accrued liabilities, the legislation would have to impact current plan participants. For example, the state and CPD pension reforms included reductions to cost of living adjustments (COLAs). We anticipate such changes, if enacted for the city's pension plans, could be vociferously fought by labor union representatives. Pension reform legislation for the city's plans could also include increases to employee contributions to its pension plans. However, growth in employee payments could also be challenged by the city's unions. Affected parties have challenged the state pension reforms in court on grounds that the changes violate the state's constitution. To date, no challenges to the CPD reforms have been filed.

In the highly unlikely event that anticipated reform legislation faces no legal challenges from organized labor groups, the financial impact of reforms to the city's pension plans would, to a large extent, be offset by the city's further underfunding in 2013 and 2014. Since any adopted reforms would, optimistically, reduce the city's total actuarial accrued liability to a level similar to that reported in fiscal 2012, Chicago's unfunded pension liability will likely remain an extreme outlier among US local governments for years to come.

UNDERFUNDING OF PENSIONS PROVIDES SHORT-TERM BUDGETARY RELIEF WHILE RAISING

LONGER TERM RISKS OF PLAN INSOLVENCY AND BUDGET CRISIS

Actuaries of the city's pension funds have indicated that, based on current funding practices and assumed rates of return of between 7.5% and 8%, one or more of the four plans could be insolvent by 2022. Underperformance of plan assets relative to actuarial assumptions could drive the funds to insolvency even sooner. In 2010, the state adopted Public Act 96-1495, which requires Illinois municipalities to increase contributions to police and fire pension plans such that plan assets are projected to reach 90% of the value of actuarial accrued liabilities by 2040. The city's compliance with current state law would likely stave off insolvency of the police and fire pension plans. However, the law requires a $600 million, or 125%, increase in the city's total pension contribution in fiscal 2016 (levy year 2015). Deferral of all or part of the increased funding requirements called for in PA 96-1495 may ultimately be part of any reforms that the state adopts on the city's behalf. While this delay would provide Chicago with short term budgetary relief, it would permit the city to further underfund pension contributions relative to an actuarially sound basis and would allow the funds to continue on their current trajectory toward insolvency within a foreseeable timeframe.

At the close of fiscal 2012, the city's General Fund balance was $231.3 million, or an adequate 7.8% of fund revenue. An additional $625 million in the city's asset leasing reserve resulted in a total available fund balance of $856 million, or 21% of operating revenue. The city has maintained a similar level of satisfactory reserves for a number years, but has done so only by vastly underfunding its actuarially-determined annual pension requirements. While the city's $478 million contribution to its pension funds in fiscal 2012 comprised 10% of operating revenue, contributing the full ARC of $1.5 billion would have consumed 32% of the city's annual operating revenue. Had the city made its full ARC in fiscal 2012, available reserves would have been completely depleted. As such, the city is operating with a structural deficit as management has sustained financial reserves by not fulfilling annual operating obligations as calculated by pension plan actuaries.

Going forward, contributing to pension plans according to actuarial standards will require substantial expenditure reductions, revenue growth, or a combination of the two. Unwillingness to utilize the city's full taxing authority to fund pension ARCs is a clear credit negative. Moody's estimates that full funding of the fiscal 2012 ARC would have required a near doubling of the city's property tax rate. As the city's own property tax rate comprises only 20% of the total rate levied within its boundaries, we believe that a doubling of city taxes may be absorbed by the tax base without placing too much negative pressure on the local economy. However, needs of the city essentially compete with those of overlapping entities, most notably Chicago Public Schools (CPS) (A3 negative). CPS faces its own operating pressures and sizeable unfunded pension liabilities, both of which may ultimately require new revenue to address. We anticipate that concern for overlapping entities and maintenance of positive economic trends will likely cause the city to phase in any revenue growth over several years, contributing to continued underfunding of pensions relative to actuarially-based ARCs.

DIRECT AND OVERALL LONG-TERM LIABILITIES ARE ELEVATED AND GROWING, PLACING INCREASED PRESSURE ON CHICAGO'S TAX BASE AND TAXPAYERS

The city's direct debt burden, excluding unfunded pension liabilities, is a high 5% of full valuation and 2.4 times operating revenue, up from 3.2% of full valuation and 2.0 times operating revenue in 2009. The current direct debt burden calculations include the current offerings as well as the recent increase in the city's commercial paper (CP) authorization to $1 billion from $500 million. The city anticipates taking greater advantage of its CP program to provide short-term financing of capital projects at lower interest cost prior to the issuance of long-term GO bonds. A low 29% of the city's direct obligations are scheduled to be repaid within ten years. Debt service comprised 18% of operating expenditures in fiscal 2012.

The city's overall debt burden is a very high 10.3% of full valuation, with over 60% of outstanding overlapping debt having been issued by CPS. The overall debt burden has steadily increased from 6.6% of full valuation in 2009 due to a combination of tax base depreciation and new borrowing on the part of the city and overlapping entities. Combined overall debt and overall adjusted net pension liabilities associated with CPS, CPD, Cook County (A1 negative), Cook County Forest Preserve District (A1 negative), and the Metropolitan Water Reclamation District of Greater Chicago (Aa1 negative) are equivalent to a very elevated 37% of full valuation and $27,000 per capita in the city.

NARROW DISTANCE FROM LOC AND SWAP TERMINATION RATING TRIGGERS, BUT AVAILABLE LIQUIDITY SUFFICIENT TO COVER TERMINATION EVENTS

The city has one letter of credit (LOC) agreement that includes a downgrade to Baa2 or the equivalent by any rating agency as an event of default. Rating triggers on all other LOCs and SBPAs consist of a downgrade to Baa3 or below. The city has 19 interest rate swap agreements tied to outstanding GO bonds. All but two of the

swaps include a downgrade below Baa1 as an event of default, which would provide the counterparty the option to terminate. The total mark-to-market valuation of the 17 swaps is currently estimated at $139 million. A downgrade below Baa2 constitutes an event of default for the remaining two swaps, which currently carry an estimated mark-to-market valuation of $33 million. The city's existing liquidity is more than sufficient to cover current mark-to-market valuations on the swaps associated with the city's GO debt.

DIVERSE AND LARGE TAX BASE REMAINS CITY'S KEY CREDIT STRENGTH THOUGH REGIONAL ECONOMY NOT FREE OF PRESSURE

Chicago's position as the nation's third largest city and center of one of the largest and most diverse economies in the US is by far the strongest attribute of an otherwise weak credit profile. The regional economy is supported by a mix of industries, including financial services, health care, higher education, transportation, and tourism. Despite the economic support bestowed by the diversity of employment opportunities and institutions, the city has not been spared the challenges brought on by and partly sustained since the recent recession. The city realized a 6.9% decline in population in the 2010 US Census and the unemployment rate in November 2013 remained high at 9.6%. Total employment in the city throughout 2013 was 8% below the prerecession peak recorded in 2007. While full valuation remains an immense $196 billion, it has fallen 23% from its peak of $254 billion in 2009. Median family income in the city is estimated at 85% of the national figure.

RATING ON SALES TAX BONDS CAPPED AT GO RATING GIVEN LACK OF LEGAL SEPARATION BETWEEN PLEDGED REVENUE AND GENERAL OPERATIONS

The city's outstanding sales tax revenue bonds are secured by a senior lien on both the city's 1.25% home rule sales tax and 1% allocation of the state's 6.25% sales tax. Because the city temporarily pools pledged sales tax revenue with general operating revenue prior to making debt service sinking fund payments to the trustee, we do not consider the pledged revenue to be effectively segregated from the city. Therefore, the rating on outstanding sales tax revenue bonds is capped at the city's GO rating. Fiscal 2012 pledged revenue provided 14.4 times maximum annual debt service (MADS) on sales tax revenue bonds. The security includes a 5.0 times MADS additional bonds test.

CITY COUNCIL HAS ULTIMATE AUTHORITY OVER WATER AND SEWER SYSTEMS AND HAS RECENTLY ADOPTED NOTABLE RATE INCREASES; PENSION CONTRIBUTIONS COMPRISE MODEST SHARE OF OPERATIONS

Chicago's water and sewer systems are business enterprises of the city and ultimately governed by the mayor and city council. This organizational structure is the basis of the downgrades of the revenue ratings as well as the maintenance of the negative outlooks. The difference between the A2 ratings on senior lien water and sewer revenue debt and the Baa1 rating on the GO debt reflects the utilities' more limited exposure to the pension pressures weighing on the city's general operations. Both enterprises reimburse the city's General Fund for costs associated with utility employees' participation in the Municipal and Laborer pension plans. Recorded as operating expenses of the utilities, these reimbursements totaled $12.7 million, or 2.2% of operating revenue, in the water enterprise and $4.7 million, or 1.9% operating revenue, in the sewer enterprise during fiscal 2012. As contributions currently comprise a small share of both systems' operating budgets, we expect that an increase in charges, if adopted by the city, would result in modest financial impact on utility operations.

The city's water and sewer utilities otherwise exhibit healthy credit fundamentals. The water system's service area extends well beyond city boundaries, providing treatment and distribution for a population of 5.3 million, or 41% of the entire state. The sewer system is nearly coterminous with the city and is responsible for wastewater collection and transmission, but not treatment. Following years of inconsistent rate growth, city council approved a series of rate increases through 2015, with rates further rising along with inflation thereafter. Water and sewer rates grew by 25% and 30%, respectively, in fiscal 2012, and are scheduled to increase 15% per year through 2015. The city intends to combine the new revenue with a lesser dependence on debt to finance projected capital improvements of $1.9 billion and $1.3 billion in the water and sewer enterprises, respectively, through 2017. Both the water and sewer systems are heavily leveraged, reporting debt ratios of 70% and 83%, respectively, in fiscal 2012.

Fiscal 2012 net revenues provided 20.7 times and 2.2 times coverage, respectively, of senior lien and total debt service of the water enterprise. This was up from 8.4 times and 1.4 times coverage in fiscal 2011 following the 25% rate increase. Fiscal 2012 MADS coverage was 13.4 times and 1.8 times. The water enterprise closed the year with an unrestricted cash balance of $128.5 million, or 44% of operating expenses.

Fiscal 2012 net revenues provided 9.5 times and 1.7 times coverage, respectively, of senior lien and total debt service of the sewer enterprise. This was up from 6.2 times and 1.1 times coverage in fiscal 2011 following the

30% rate increase. Fiscal 2012 MADS coverage was 5.7 times and 1.4 times. The sewer enterprise closed the year with an unrestricted cash balance of $34.6 million, or 31% of operating expenses.

OUTLOOK

The negative outlook reflects the expectation that, absent a commitment to significantly increase revenue and/or materially restructure accrued pension liabilities to reduce costs, the city's credit quality will likely weaken. The formidable legal and political barriers to these actions are incorporated in the outlook. The State of Illinois's constitutional protection of pension benefits raises the possibility that any attempt to reduce accrued benefits will be litigated by plan members. Ongoing unwillingness to sufficiently increase revenue ensures that annual pension payments will remain a considerable operating stress while continuing to fall well below actuarially sound contributions. As such, the city's financial operations will remain structurally imbalanced and the long-term solvency of the city's pension funds will be exposed to a significant degree of asset return risk.

WHAT COULD MOVE THE GO RATING UP

- State passage of pension reform legislation that survives near-certain litigation to materially lower the city's pension obligations to a level that allows the city to make annual contributions on an actuarially sound basis

- Demonstrated commitment to increase tax revenue so as to fund pension obligations on an actuarially sound basis

- Substantial expansion of the tax base and/or growth in financial reserves that more adequately compensates for the city's exposure to unfunded liabilities

WHAT COULD MOVE THE GO RATING DOWN

- Lack of action by the city and state to arrest the growth of unfunded pension liabilities

- Continued unwillingness on the part of the city to raise tax revenue in amounts sufficient to fund annual pension contributions in line with actuarial standards

- Further growth in direct and overall debt burdens

- Court decision that recently adopted pension reforms by the State of Illinois violate the state constitution

WHAT COULD MOVE THE SALES TAX, WATER, AND SEWER REVENUE RATINGS UP

- Upward movement in the city's GO rating

WHAT COULD MOVE THE SALES TAX, WATER, AND SEWER REVENUE RATINGS DOWN

- Downward movement in the city's GO rating

- Weakening of debt service coverage provided by respective sales tax, water and sewer revenue

KEY STATISTICS

Estimated full valuation: $196 billion

Estimated full valuation per capita: $72,600

Estimated median family income as % of the US: 85%

Fiscal 2012 available fund balance / operating revenue: 21%

5-year change in available fund balance / operating revenue: 3%

Fiscal 2012 net cash / operating revenue: 17%

5-year change in net cash / operating revenue: 1%

Institutional framework score Aa

5-year average operating revenue / operating expenditures: 0.97

Net direct debt burden: 5% of full valuation; 2.4 times operating revenue

3-year average Moody's adjusted net pension liability: 12.6% of full valuation; 6.7 times operating revenue

RATING METHODOLOGY

The principal methodology used in rating the general obligation debt was US Local Government General Obligation Debt published in January 2014. The principal methodology used in rating the special tax debt was US Public Finance Special Tax Methodology published in March 2012. The principal methodology used in rating the Water and Sewer debt was Analytical Framework For Water And Sewer System Ratings in August 1999. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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