



City of Chicago



F2014-40

Office of the City Clerk Document Tracking Sheet

Meeting Date: 5/28/2014
Sponsor(s): City Clerk (transmitted by)
Type: Communication
Title: General Obligation Revolving Line of Credit Closing Certificate
Committee(s) Assignment:

\$100,000,000
CITY OF CHICAGO
GENERAL OBLIGATION REVOLVING LINE OF CREDIT
CLOSING CERTIFICATE

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OFFICE OF THE
CITY CLERK

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"). 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 Initial Ordinance, as amended by the 2012 Ordinance, Barclays Bank PLC has been selected to serve as the bank providing a revolving line of credit to the City in the amount of \$100,000,000.

The City has executed that certain Revolving Credit Agreement dated as of May 16, 2014 between the City and Barclays Bank PLC (the "Credit Agreement"; capitalized terms used without definition in this Certificate having the means given them in the Credit Agreement) and that certain Note dated May 16, 2014 (the "Note") to evidence the \$100,000,000 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) no Default or Event of Default has occurred and is continuing as of the date hereof or will result from the execution and delivery by the City of the Credit Agreement;
- (ii) the representations and warranties and covenants made by the City in Article IV of the Credit Agreement or incorporated into the Credit Agreement by reference are true and correct in all material respects on and as of the Closing Date, as if made on and as of such date;
- (iii) all conditions precedent to the effectiveness of the Credit Agreement set forth in Section 3.01 of the Credit Agreement have been satisfied;
- (iv) neither the making of any Loans nor the consummation of any of the transactions contemplated by the Credit Agreement will violate any law, rule or regulation

- applicable to the City or the Credit Agreement;
- (v) no material adverse change in the financial condition, operations or prospects of the City or laws, rules or regulations (or their interpretation or administration) that, in any case, may adversely affect the transactions contemplated by the Credit Agreement and the repayment by the City of the Loans has occurred since December 31, 2012 which would be reasonably likely to result in a Material Adverse Effect, except as disclosed in writing to the Bank prior to the Closing Date; and
- (vi) 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.

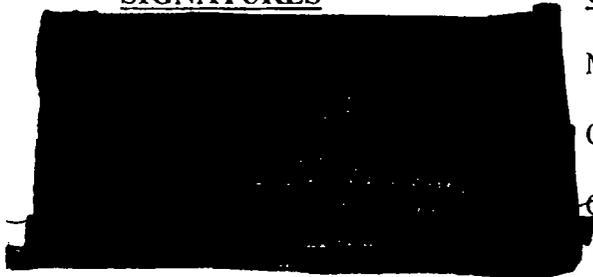
I, the undersigned, SUSANA A MENDOZA, City Clerk of the City, do further certify that RAHM EMANUEL and LOIS A. SCOTT are, respectively, the duly authorized Mayor and Chief Financial Officer of the City, and that the signatures of said RAHM EMANUEL and LOIS A. SCOTT as they appear below are in all respects 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 16th day of May, 2014.

SIGNATURES

OFFICIAL TITLE

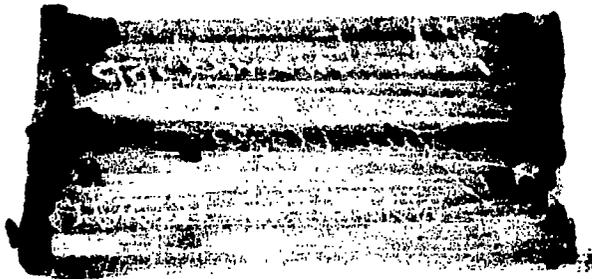


Mayor, City of Chicago

Chief Financial Officer, City of Chicago

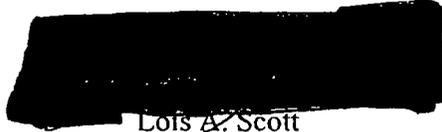
City Clerk, City of Chicago

[SEAL]



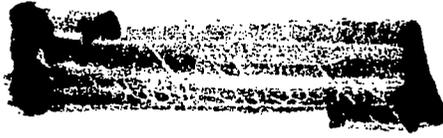
Respectfully submitted this 16th day of May, 2014.

CITY OF CHICAGO



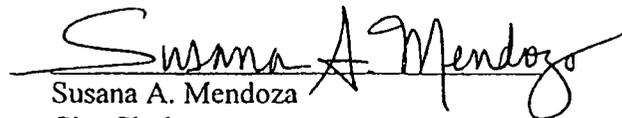
Lois A. Scott
Chief Financial Officer

Closing Certificate
Barclays Bank PLC
Revolving Credit Agreement



ACKNOWLEDGMENT OF FILING

The Closing Certificate of the City for its \$100,000,000 Revolving Line of Credit Program including all exhibits thereto was filed in the Office of the City Clerk of the City of Chicago, this 16th day of May, 2014.


Susana A. Mendoza
City Clerk

[SEAL]

EXHIBIT A
THE ORDINANCE

AUTHORIZATION FOR ISSUANCE OF COMMERCIAL
PAPER NOTES, SERIES A AND B.

The Committee on Finance submitted the following report:

CHICAGO, May 1, 2002.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration a substitute ordinance authorizing the issuance of Commercial Paper Notes Series A and Series B, amount of notes not to exceed \$200,000,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed substitute ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

Alderman Burke presented the following amendment to the proposed substitute ordinance transmitted with the foregoing committee report:

I hereby move to amend the commercial paper ordinance by adding a new Section 29, following Section 28 of the ordinance:

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.

On motion of Alderman Burke, the foregoing amendment was *Adopted* by yeas and nays as follows:

Yeas -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Stroger, Beale, Pope, Balcer, Frias, Olivo, Burke, T. Thomas, L. Thomas, Murphy, Rugai, Troutman, DeVille, Munoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Wojcik, Suarez, Matlak, Mell, Austin, Colom, Banks, Mitts, Allen, Laurino, Doherty, Daley, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 47.

Nays -- None.

Thereupon, on motion of Alderman Burke, the said proposed substitute ordinance, as amended, was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Stroger, Beale, Pope, Balcer, Frias, Olivo, Burke, T. Thomas, L. Thomas, Murphy, Rugai, Troutman, DeVille, Munoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Wojcik, Suarez, Matlak, Mell, Austin, Colom, Banks, Mitts, Allen, Laurino, Doherty, Daley, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 47.

Nays -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

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 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;

(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 be 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

CITY OF CHICAGO

By: _____
Chief Financial Officer

[SEAL]

ATTEST:

By: _____
Its: _____

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 hercof, 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.

5/1/2002

REPORTS OF COMMITTEES

83141

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 depository, 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 as (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 as (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 (1st) 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 made.

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 Paving 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]

5/1/2002

REPORTS OF COMMITTEES

83163

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;

* 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.]

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 purposes, 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.

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JOURNAL-CITY COUNCIL-CHICAGO

3/14/2012

[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.

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JOURNAL-CITY COUNCIL--CHICAGO

3/14/2012

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
Stephen R. Tatham
CORPORATION COUNSEL

APPROVED
Rubin Emmanuel ERP
3/16/12 Mayor

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 purposes, 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 Accrued 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
Richard E. Emmert
2/7/14
Mayor

APPROVED
Stephen R. Pether
CORPORATION COUNSEL

EXHIBIT B
REVOLVING CREDIT AGREEMENT

REVOLVING CREDIT AGREEMENT

By and Between

CITY OF CHICAGO

and

BARCLAYS BANK PLC

Dated as of May 16, 2014

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APPENDIX I — FORM OF BANK NOTE

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT dated as of May 16, 2014 (together with any amendments or supplements hereto, this "Agreement"), is made 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 Constitution and laws of the State of Illinois, and BARCLAYS BANK PLC (the "Bank").

WITNESSETH:

WHEREAS, the City has authorized the execution of line of credit agreements pursuant to the ordinance duly adopted by the City Council of the City on May 1, 2002, as amended by ordinances adopted by the City Council on March 14, 2012 and February 5, 2014 (collectively, the "Ordinance"); and

WHEREAS, the City has requested that the Bank extend credit to the City and enter into this Agreement; and

WHEREAS, the Bank is willing to enter into this Agreement upon the terms and conditions provided herein.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the City and the Bank agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used in this Agreement:

"Adjusted LIBOR" means a per annum interest rate determined pursuant to the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Reserve Percentage}}$$

"Advances" means the advances made by the Bank pursuant to Section 2.03 hereof.

"Advance Rate" means, as of any time, the Advance Rate per annum indicated opposite the Level in the table below containing the appropriate Rating (as defined below).

<u>Level</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>	<u>Fitch Rating</u>	<u>Advance Rate</u>
Level 1	A1 or above	A+ or above	A+ or above	

Level 2	A2	A	A	[REDACTED]
Level 3	A3	A-	A-	[REDACTED]
Level 4	Baa1	BBB+	BBB+	[REDACTED]
Level 5	Baa2	BBB	BBB	[REDACTED]
Level 6	Baa3 or below or not rated	BBB- or below or not rated	BBB- or below or not rated	[REDACTED]

For purposes hereof, “Rating” as used above shall mean the long-term rating assigned to the Secured General Obligation Debt of the City by any of Moody’s, S&P or Fitch. In the event of a split rating (i.e., one or more of the Rating Agencies’ ratings is at a different level from the rating of one or more of the other Rating Agencies), the Advance Rate shall be based upon the Level in which the middle Rating appears (it being understood that, in the event that two such Ratings are in the same Level, the Advance Rate shall be based upon such Level). Any change in the Advance Rate 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. Upon the occurrence and during the continuance of an Event of Default, the Advance Rate shall be the Advance Rate for the Level in effect plus [REDACTED] per annum. 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.

“*Affiliate*” means, with respect to a Person, any Person (whether for-profit or not-for-profit), which “controls,” is “controlled” by, or is under common “control” with such Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“*Agreement*” means this Revolving Credit Agreement, as amended and supplemented.

“*Authorized Officer*” means (a) the Mayor, the Chief Financial Officer, the City Comptroller or any other officer of the City authorized to act on their behalf, and (b) such other officer of the City, if any, authorized by an amendment to the Ordinance after the Closing Date to act on the City’s behalf with respect to the Related Documents.

“*Availability Period*” means the period from and including the Closing Date to and including the Commitment Termination Date.

“*Available Revolving Commitment*” means, at any time, the Commitment then in effect minus the Loan Exposure.

“Bank” has the meaning set forth in the introductory paragraph hereof.

“Bank Agreement” means any credit agreement, letter of credit, reimbursement agreement, bond purchase agreement, liquidity agreement, line of credit agreement, revolving credit agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the City with any Person, directly or indirectly, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the City or to purchase securities pursuant to such agreement in connection with any General Obligation Debt.

“Bank Note” has the meaning set forth in Section 2.11 hereof.

“Bank Rate” means the rate of interest per annum with respect to a Term Loan (i) for any day commencing on the Conversion Date up to and including the one hundred eightieth (180th) day after such Conversion Date, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on the one hundred eighty-first (181st) day next succeeding the Conversion Date and thereafter, equal to the sum of the Base Rate from time to time in effect plus [REDACTED]; *provided*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate; *provided, further*, that the Bank Rate payable by the City shall be subject to Section 2.16.

“Base Rate” means the highest of [REDACTED].

“Borrowing Date” means the date on which an Advance is funded by the Bank pursuant to Section 2.03.

“Borrowing Request” means a request by the City for an Advance in accordance with Section 2.03.

“Business Day” means any day other than (a) a day on which banks located in the city in which the principal office of the Bank is located is required or authorized by law to close, or (b) a day on which the New York Stock Exchange is closed. For purposes of this definition, the Bank’s principal office shall be that office at which a Borrowing Request is to be presented hereunder.

“Change of Law” shall mean the adoption, after the Closing Date, of or change in any law, rule, regulation, statute, treaty, guideline or directive of any Governmental Authority or the occurrence of the effective date of any of the foregoing if adopted prior to the Closing Date or any change after the Closing Date in the application, interpretation or enforcement, of any of the foregoing.

“City” has the meaning set forth in the recitals hereof.

“Closing Date” means May 16, 2014

"*Commitment*" means the commitment of the Bank to make Advances and Term Loans in an aggregate principal amount not exceeding \$100,000,000, as such commitment may be reduced pursuant to Section 2.04.

"*Commitment Termination Date*" means the earlier of (i) the Stated Expiration Date, (ii) the date on which the Commitment is reduced to zero pursuant to Section 6.02 or such earlier date on which the Bank's obligation to make Loans hereunder is terminated in accordance with the terms hereof, and (iii) the date on which this Agreement is terminated pursuant to Section 2.04.

"*Computation Date*" means the second London Business Day preceding each applicable Rate Reset Date for any Advance.

"*Conversion Date*" has the meaning set forth in Section 2.05(a).

"*Debt*" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases, (v) all Debts of others secured by a lien on any asset of such Person, whether or not such Debts are assumed by such Person, (vi) all guaranties by such Person of Debt of other Persons, (vii) all obligations of such Person under any Bank Agreement and (viii) all obligations of such Person under any Swap Contract.

"*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 fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect plus [REDACTED] provided that the Default Rate payable by the City shall be subject to Section 2.16.

"*Dodd-Frank*" shall mean the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all rules, guidelines or directives promulgated thereunder.

"*Dollars*" or "*\$*" refers to lawful money of the United States of America.

"*Event of Default*" has the meaning set forth in Section 6.01 hereof.

"*Extended Availability Period*" shall have the meaning assigned to such term in Section 2.12.

"*Facility Fee Rate*" means, as of any time, the Facility Fee Rate per annum indicated opposite the Level in the table below containing the appropriate Rating (as defined below).

<u>Level</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>	<u>Fitch Rating</u>	<u>Facility Fee Rate</u>
Level 1	A1 or above	A+ or above	A+ or above	██████████
Level 2	A2	A	A	██████████
Level 3	A3	A-	A-	██████████
Level 4	Baa1	BBB+	BBB+	██████████
Level 5	Baa2	BBB	BBB	██████████
Level 6	Baa3 or below or not rated	BBB- or below or not rated	BBB- or below or not rated	██████████

For purposes hereof, "Rating" as used above shall mean the long-term rating assigned to the Secured General Obligation Debt of the City by any of Moody's, S&P or Fitch. In the event of a split rating (i.e., one or more of the Rating Agencies' ratings is at a different level from the rating of one or more of the other Rating Agencies), the Facility Fee Rate shall be based upon the Level in which the middle Rating appears (it being understood that, in the event that two such Ratings are in the same Level, the Facility Fee Rate shall be based upon such Level). Any change in the Facility Fee Rate 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. Upon the occurrence and during the continuance of an Event of Default, the Facility Fee Rate shall be the Facility Fee Rate for the Level in effect plus ██████████ per annum. 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. The Bank and the City acknowledge that, as of the Closing Date, the Facility Fee Rate is that specified for Level 3 above.

"*Facility Fees*" means the fees payable to the Bank pursuant to Section 2.07(a) hereof.

"*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.

"*Fiscal Year*" means the period of twelve consecutive calendar months ending on December 31, or such other period of twelve consecutive calendar months selected by the City as its fiscal year.

"*Fitch*" means Fitch Ratings, Inc., and 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 5.01(b) hereof.

"General Obligation Debt" means Debt which is a direct and general obligation of the City payable from any funds of the City legally available for such purposes, whether or not subject to appropriation.

"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, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

"Interest Payment Date" shall mean (i) the first Business Day of each calendar month, (ii) the Conversion Date, (iii) the day of payment of each installment of a Term Loan and (iv) the date on which any Loan is paid in full.

"Interest Period" shall mean, as to any Advance, the period from (and including) the date such Advance is made to (but excluding) the next succeeding Rate Reset Date, and thereafter shall mean the period from (and including) such Rate Reset Date to (but excluding) the next succeeding Rate Reset Date (or, if sooner, to and including the Stated Expiration Date, as applicable).

"LIBOR" means, for any Rate Reset Date, the London interbank offered rate for deposits in United States dollars for a period of one month, which rate appears on the Reuters Screen LIBOR01 Page (or such other page as may replace LIBOR01 on that service or such other service as may be nominated by the British Bankers' Association (or any entity that assumes responsibility for determining such rate) as an information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar deposits) as of 11:00 a.m., London, England time, on the Computation Date immediately preceding such Rate Reset Date, or if such rate is not available, another comparable rate determined by the Bank in its reasonable judgment upon notice thereof provided by the Bank to the City. LIBOR, as defined in this Agreement, is a reference rate which will be employed solely to determine the Advance Rate for purposes of this Agreement. It does not represent a cost to the Bank of funding its Advances hereunder, and the City understands that the Bank will not fund any such Advances in the London interbank market.

"Loan" means each Advance or each Term Loan, or both, as the context may require.

"Loan Exposure" means, as of any date of determination, the sum of (i) the total outstanding principal amount of the Advances and (ii) the total outstanding principal amount of the Term Loans on such date.

"London Business Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

"Material Adverse Effect" means, as to the City, any material adverse change in or effect on (i) the operations, assets, liabilities, condition (financial or otherwise) or results of operations of the City, (ii) the ability of the City to consummate the transactions contemplated by the Related Documents, or (iii) the ability of the City to perform any of its obligations under the Related Documents.

"Maximum Rate" means the lesser of (i) 18% or (ii) the maximum non-usurious lawful rate of interest permitted by applicable law.

"Moody's" means Moody's Investors Service and its successors and assigns.

"Obligations" means the Reimbursement Obligations (which includes amounts owing to the Bank evidenced by the Bank Note), the Facility Fees and all other obligations of the City to the Bank arising under or in relation to this Agreement.

"OFAC" means the United States Department of Treasury Office of Foreign Assets Control.

"OFAC Sanctions Programs" means all laws, regulations, and executive orders administered by OFAC, including without limitation, the Bank Secrecy Act, anti-money laundering laws (including, without limitation, the Patriot Act), and all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or executive orders, and any similar laws, regulations or orders adopted by any State within the United States.

"OFAC SDN List" means the list of the Specially Designated Nationals and Blocked Persons maintained by OFAC.

"Ordinance" has the meaning set forth in the recitals hereof.

"Other Taxes" has the meaning set forth in Section 2.13(a) hereof.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

"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 for any day the per annum rate of interest as determined by the Bank from time to time at its New York office as its "prime rate" (or equivalent), with any change in such rate to be automatically and immediately effective on the date of any change in such rate, it being understood that such rate may not be the Bank's best or lowest rate.

"*Rate Reset Date*" means, with respect to any Advance, the last Business Day of each calendar month.

"*Rating Agencies*" means Fitch, Moody's and S&P.

"*Reduction Fee*" has the meaning set forth in Section 2.07(e).

"*Reimbursement Obligations*" means any and all obligations of the City to repay the Bank for any Advance or Term Loan, including in each instance all interest accrued thereon, which obligations are evidenced and secured by the Bank Note.

"*Related Documents*" means this Agreement, the Ordinance and the Bank Note.

"*Reserve Percentage*" means for any day, that percentage (expressed as a decimal) which is in effect from time to time under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States for determining the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, marginal or other reserves) applicable with respect to Eurocurrency funding (or against any other category of funding liabilities that includes deposits by reference to which the interest rate of Advances is determined), whether or not the Bank has any Eurocurrency liabilities subject to such reserve requirement at that time. Advances shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefit of credit for any prorrations, exceptions or offsets that may be available from time to time to the Bank. The Adjusted LIBOR shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage.

"*S&P*" means Standard & Poor's Ratings Group, a Standard & Poor's Financial Services LLC business and its successors and assigns.

"*Secured General Obligation Debt*" means General Obligation Debt supported or secured by the City's full faith and credit and backed by the ad valorem taxing power of the City.

"*Stated Expiration Date*" means November 30, 2015 as such date may be extended from time to time by the Bank by delivery of a written Notice of Extension to the City in the form of Exhibit C; provided that if any such date is not a Business Day, the Stated Expiration Date shall be the next preceding Business Day.

"*Swap Contract*" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and

(b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement, in each case, which is a general obligation of the City payable from any funds legally available for such purposes.

"*Taxes*" has the meaning set forth in Section 2.13(a) hereof.

"*Termination Fee*" has the meaning set forth Section 2.07(c).

"*Term Loans*" means the term loans made by the Bank to the City pursuant to Section 2.05 hereof.

"*written*" or "*in writing*" means any form of written communication or a communication by means of facsimile device or electronic mail.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. All references in this Agreement to times of day shall be references to Chicago time unless otherwise expressly provided herein. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

ARTICLE II

THE REVOLVING CREDIT FACILITY

Section 2.01. Advances. Subject to the terms and conditions set forth herein, the Bank agrees to make Advances from time to time during the Availability Period in an aggregate principal amount that will not result in the Bank's Loan Exposure exceeding the Commitment. Each Advance shall be made solely for the purpose of providing funds to fund working capital expenses or capital expenditures, subject to the provisions of Section 5.02(c) of this Agreement. Within the foregoing limits and subject to the terms and conditions set forth herein, the City may borrow, repay and reborrow Advances at any time during the Availability Period. The City agrees to reimburse the Bank for the full amount of any Advances and Term Loans in accordance with this Agreement.

Section 2.02. Amount of Advances. At the time that each Advance is made, such Advance shall be in an aggregate amount that is an integral multiple of \$1,000 and not less than the lesser of \$500,000 or the entire unused balance of the Available Revolving Commitment.

Section 2.03. Borrowing Requests. If, on any Business Day during the Availability Period, the Bank receives at the location specified for the delivery of a Borrowing Request

specified pursuant to Section 7.02, a request in the form of Exhibit A from an Authorized Officer of the City, and the City telephonically confirms the Bank's receipt of such Borrowing Request, not later than 12:00 noon New York City time, the Bank shall, subject to satisfaction of the requirements of Section 2.01 and Section 3.02, transfer to the City not later than 2:30 p.m. New York City time on the third (3rd) Business Day following the Bank's receipt of the Borrowing Request if such Business Day falls during the Availability Period, or such later day during the Availability Period as specified in such Borrowing Request, in immediately available funds, an amount equal to the Advance thereby requested; provided that the City may not deliver a Borrowing Request less than three Business Days prior to the Commitment Termination Date. Notwithstanding anything herein to the contrary, a Borrowing Request may be delivered by electronic mail. A Borrowing Request shall be irrevocable after receipt thereof by the Bank. Each written Borrowing Request shall specify the following information:

- (i) the aggregate amount of the requested Advance; and
- (ii) the requested Borrowing Date, which shall be a Business Day within the Availability Period at least three (3) Business Days following the Bank's receipt of such Borrowing Request, and the requested time of funding.

Section 2.04. Termination or Reduction of Commitment. (a) Unless previously terminated, the Commitment shall terminate at 12:00 noon, New York time, on the Stated Expiration Date.

(b) Subject to the payment of the Termination Fee or Reduction Fee, if any, and any payment required under Section 2.17 hereof, the City may at any time permanently reduce the Commitment or terminate this Agreement for any reason upon (i) the payment in full of all outstanding Advances (or in the case of a partial reduction of the Commitment, the payment in full of all outstanding Advances such that the Loan Exposure does not exceed the Commitment after giving effect to such reduction), together with accrued and unpaid interest thereon, (ii) the payment in full of accrued and unpaid fees, and (iii) the payment in full of all reimbursable expenses and other obligations together with accrued and unpaid interest thereon.

The City shall notify the Bank of any election to reduce the Commitment or terminate this Agreement under paragraph (b) of this Section 2.04 at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Any reduction of the Commitment shall be irrevocable and permanent.

Section 2.05. Conversion to Term Loan. (a) If any Advance shall remain outstanding on the Stated Expiration Date, and on such date (i) no Event of Default has occurred and is continuing, (ii) the representations and warranties set forth in Article IV and Section 7.13(b) hereof are true and correct as if made on such date and (iii) a continuing appropriation providing for the payment of the principal of all Loans and interest thereon shall remain in effect, the principal amount of such Advance shall be automatically converted on that day (the "Conversion Date") to a term loan that shall bear interest in accordance with Section 2.06 and be repaid as provided in paragraph (b) of this Section 2.05.

(b) The principal amount of each Term Loan shall be amortized in equal semi-annual principal installments, the first such installment being payable on the next January 1 or July 1, as applicable, occurring at least one hundred twenty (120) days following the Stated Expiration Date and on each such semi-annual date thereafter so that such Term Loans are paid in full on the last such semi-annual date to occur on or prior to the fourth (4th) year anniversary of the Commitment Termination Date; provided, however, that if such date is not a Business Day, then such installment shall be paid in full no later than the next succeeding Business Day; provided, further, however that if an Event of Default shall occur hereunder, the Bank may declare all Term Loans to be immediately due and payable.

(c) In the event that any Advances outstanding on the Commitment Termination Date are not converted to a Term Loan on the Stated Expiration Date, all Advances shall be due and payable on the Stated Expiration Date.

Section 2.06. Payments; Default Interest; Method of Payment. (a) Each Advance shall bear interest on the principal amount outstanding from time to time from the Borrowing Date to the earlier of (i) date of payment in full or (ii) the Conversion Date, at the Advance Rate in effect from time to time. The Bank shall determine the applicable Advance Rate as of each applicable Computation Date, and such rate shall become effective on the Rate Reset Date next succeeding such Computation Date and interest at such rate shall accrue each day during the applicable Interest Period, commencing on and including the first day of such Interest Period to but excluding the last day of such Interest Period; *provided that*, the initial Advance Rate for a new Advance shall be determined by the Bank two London Business Days prior to the date such Loan is advanced hereunder; *provided further, that*, the next immediately succeeding Advance Rate for such Advance shall be determined by the Bank on the Rate Reset Date immediately succeeding the date such Loan is advanced.

(b) Each Term Loan shall bear interest on the principal amount outstanding from time to time from the Conversion Date to the date of payment in full at the Bank Rate in effect from time to time. The Bank shall determine the applicable Bank Rate for each day that a Term Loan is outstanding, and interest at such rate shall accrue each day that such Term Loan is outstanding.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date; provided, that (i) interest accrued pursuant to paragraph (d) of this Section 2.06 shall be payable on demand, and (ii) in the event of any prepayment of a Loan in part, accrued interest on the principal amount prepaid shall be payable on the day of such prepayment.

(d) All payments to be made by the City to the Bank hereunder shall be made in lawful currency of the United States in freely transferable and immediately available funds. On each date on which any amount is due to the Bank pursuant to this Agreement, the City shall pay or cause to be paid the same to the Bank by delivering to the Bank wire transfer confirmation number evidencing the wire transfer of such amount to the Bank at [REDACTED]

[REDACTED] (or at such other account number or address as the Bank may from time to time designate) by 2:00 p.m., Chicago time, on such date.

(e) The City agrees to pay the Bank, upon demand, interest on any and all amounts owed by the City under this Agreement from the earlier of the date such amounts are due and payable but not paid and the occurrence of an Event of Default until payment thereof in full, at a fluctuating interest rate per annum equal to the Default Rate. The obligations of the City under this Section 2.06(e) shall survive the termination of this Agreement.

Section 2.07. Fees.

(a) *Facility Fee.* The City agrees to pay to the Bank a non-refundable Facility Fee payable quarterly in arrears on the first Business Day of each January, April, July and October (commencing on July 1, 2014 for the period from and including the Closing Date to and including June 30, 2014) occurring prior to the Termination Date, and on the Termination Date, in an amount equal to the Facility Fee Rate on the weighted average Available Revolving Commitment (the "*Facility Fees*") during each related period.

(b) *Drawing Fee.* The City agrees to pay to the Bank semi-annually in arrears on the first Business Day of each January and July to occur immediately following a Borrowing Request, a non-refundable fee (each, a "*Draw Fee*") of [REDACTED] for each Borrowing Request; *provided* that the aggregate amount of such Draw Fees shall not exceed [REDACTED] in any calendar year.

(c) *Amendment Fee.* The City agrees to pay to the Bank for any amendment, modification or transfer of this Agreement, a non-refundable fee of [REDACTED] plus the reasonable fees and expenses of outside counsel to the Bank.

(d) *Waiver Fee.* The City agrees to pay to the Bank on the date of any waiver relating to this Agreement, a non-refundable fee in an amount to be mutually agreed upon between the City and the Bank plus the reasonable fees and expenses of outside counsel to the Bank.

(e) *Termination and Reduction Fee.* (i) The City agrees not to terminate or replace this Agreement prior to the first anniversary of the Closing Date (or, if the Stated Expiration Date shall be extended in accordance with this Agreement, the first anniversary of the Stated Expiration Date prior to such extension), except upon the payment by the City to the Bank of a termination fee (the "*Termination Fee*") in an amount equal to the Facility Fees payable hereunder (based upon the Available Revolving Commitment in effect on the date of such termination) for a term beginning on the date this Agreement is terminated or replaced and ending on and including the first anniversary of the Closing Date (or, if the Stated Expiration Date shall be extended in accordance with this Agreement, the first anniversary of the Stated Expiration Date prior to such extension) at the Facility Fee Rate in effect as of the date of such termination or replacement, payable on the date this Agreement is terminated or replaced. Notwithstanding the foregoing, no such Termination Fee shall be payable if the City requests in writing to the Bank that this Agreement be terminated as the result of the reduction of any of the Bank's short-term or long-term debt ratings below "P-1" or "A2" by Moody's, "A-1" or "A" by S&P or "F1" or "A" by Fitch or if this Agreement is terminated in accordance with Section 5.01(i).

(ii) The City agrees not to permanently reduce the Commitment prior to the first anniversary of the Closing Date (or, if the Stated Expiration Date shall be extended in accordance with this Agreement, the first anniversary of the Stated Expiration Date prior to such extension), except upon the payment by the City to the Bank in connection with each and every permanent reduction of a reduction fee equal to the Facility Fees that would have been payable to the Bank on the amount by which the Commitment is reduced for the period beginning on the date of reduction and ending on the first anniversary of the Closing Date (or, if the Stated Expiration Date shall be extended in accordance with this Agreement, the first anniversary of the Stated Expiration Date prior to such extension) based upon the Facility Fee Rate in effect as of the date of such permanent reduction (the "*Reduction Fee*"). Notwithstanding the foregoing, no such Reduction Fee shall be payable if the City requests in writing to the Bank that the Commitment be reduced as the result of the reduction of any of the Bank's short-term or long-term debt ratings below "P-1" or "A2" by Moody's, "A-1" or "A" by S&P or "F1" or "A" by Fitch.

Section 2.08. Computation of Interest and Fees. Except as otherwise provided herein, all computations of fees and interest payable by the City under this Agreement shall be made on the basis of a year of 365 or 366 days, as applicable, and actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.09. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.10. Prepayment of Loans. (a) Subject to the payment by the City of any amounts due under Section 2.17 hereof, the City shall have the right at any time and from time to time to prepay any Advance and any Term Loan in whole at any time or in part from time to time, subject to prior written notice in accordance with paragraph (c) of this Section 2.10; provided, that each prepayment shall be in an aggregate amount that is an integral multiple of \$1,000 and not less than \$500,000. Partial prepayments of Advances and Term Loans shall be applied to installments of principal in inverse order of maturity.

(b) In the event that the total Loan Exposure exceeds the Commitment (the parties hereby acknowledging that such event shall be in violation of Section 2.01 hereof), the City shall promptly prepay the Loans in an aggregate amount equal to such excess.

(c) The City shall notify the Bank by telephone (confirmed by facsimile) of any prepayment hereunder not later than 11:00 a.m., New York time, one Business Day before the day 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. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.06 hereof.

Section 2.11. Bank Note. (a) The Loans shall be evidenced by a Bank Note of the City in substantially the form of Appendix I hereto (such Bank Note and any Bank Note issued as a

replacement or in substitution therefore, the "Bank Note") which Bank Note shall be a "Line of Credit Note" and "Authorized Debt" for purposes of the Ordinance. The Bank Note shall be duly executed and delivered, shall be dated the date hereof and shall be payable to the Bank in the principal amount of \$100,000,000 (or such lesser amount as shall be outstanding thereunder) and interest thereon. The Bank Note shall be subject to prepayment as provided in Section 2.10 hereof.

(b) The City authorizes the Bank to endorse on a Schedule attached to the Bank Note a notation with respect to each Loan made hereunder of: (i) the date and principal amount of each Loan, and (ii) the date and amount of each repayment or prepayment of principal thereof. Each endorsement shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Loans made by the Bank; provided, however, that the failure to make such notation with respect to any Loan or any payment of a Loan shall not limit or otherwise affect the obligations of the City under this Agreement or the Bank Note to repay the Loans in accordance with the terms set forth herein. The City shall pay principal and interest on the Bank Note on the dates and at the rates provided for in Article II hereof with respect to Advances and Term Loans.

Section 2.12. Extension of Stated Expiration Date. The Stated Expiration Date may be extended from time to time by agreement in writing between the Bank and the City (the period from the preceding Stated Expiration Date to such new Stated Expiration Date being herein sometimes called the "Extended Availability Period"). The Extended Availability Period may itself be extended in a like manner for additional periods. If no Event of Default has occurred and is continuing, the City may request in writing to the Bank, in the form of Exhibit B to this Agreement not earlier than one hundred twenty (120) days prior to the Stated Expiration Date that the Bank extend the Stated Expiration Date. The City has no obligation to request an Extended Availability Period and the Bank has no obligation to agree to any Extended Availability Period, and all terms of the extension (including the term, commitment and other fees, interest rates and other provisions) shall be mutually acceptable to the Bank and the City. The Bank agrees to respond to a written extension request by the City within thirty (30) days of receipt of such request by the Bank. If the Bank fails to respond to the City within thirty (30) days of receipt of the City's request or the Stated Expiration Date shall have occurred, the Bank shall be deemed to have denied such request; provided that, in connection with any extension of the initial Stated Expiration Date (November 30, 2015), the Bank shall have until September 15, 2015 to respond to such extension request before such failure to respond shall be deemed to be a denial of such request. If the Bank and the City agree to an Extended Availability Period, the Bank shall give written notice, in the form of a Notice of Extension substantially in the form of Exhibit C hereto (a "Notice of Extension") of its determination to extend the Stated Expiration Date, to the City. If the Stated Expiration Date is extended, the City shall, except as otherwise agreed to in writing by the Bank, be deemed to have made the representations and warranties contained herein on and as of the date on which the Stated Expiration Date is so extended and shall be deemed to have acknowledged that (i) the obligation of the City to pay the Termination Fee and Reduction Fee shall apply to such extended Stated Expiration Date and (ii) a continuing appropriation providing for the payment of the principal of all Loans and interest thereon remains in effect.

Section 2.13. 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 or under the Bank Note 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 2.13), 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 2.13 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, the State of New York 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 in accordance with clause (b) of this Section.

(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 2.13 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 2.13. 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 2.13 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.13 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.

Section 2.14. Increased Costs. (a) If the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other administrative or Governmental Authority (in each case, whether or not having the force of law), or compliance by the Bank with any request or directive of any such court, central bank or other administrative or Governmental Authority (whether or not having the force of law), shall (i) 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), (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposit with or for the account of, the Bank or (iii) impose on the Bank any other condition regarding this Agreement, and the result of any event referred to in clause (i), (ii) or (iii) 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 or under the Bank Note, 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 2.14, 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 the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof, by, any court, central bank or other administrative or Governmental Authority (in each case, whether or not having the force of law), or compliance by the Bank or the Bank's holding company with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy 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 (i) affects or would affect the amount of capital to be maintained by the Bank or the Bank's holding company or (ii) 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's policies with respect to capital adequacy) then, the City shall

pay to the Bank, as applicable, 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 such reduction in the rate of return on the Bank's or the Bank's holding company's capital.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the City's receipt of written notice thereof and shall be payable, in full, on the next succeeding quarterly payment date that the Facility Fee 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 at a rate per annum equal to the Base Rate from the date which is thirty (30) days following the City's receipt of notice thereof and shall otherwise be payable in accordance with Section 2.06 hereof; *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 such calculation and the amount of such calculation shall be submitted by the Bank to the City and shall be deemed conclusive if reasonably determined. 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; *provided* that the Bank shall provide to the City such additional information in connection with such certificate as the City may reasonably request in writing.

(d) Notwithstanding anything contained in this Agreement to the contrary, for purposes of this Agreement (i) all regulations, requests, rules, guidelines or directives enacted, adopted, issued or promulgated following the date hereof in connection with the Dodd-Frank Act shall be deemed to be a change in law, and (ii) all requests, rules, guidelines or directives enacted, adopted, issued or promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority following the date hereof shall be deemed a change in law.

Section 2.15. Margin Regulations. No portion of the proceeds of any Loans shall be used by the City (or any other Person on behalf of the City) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation G, Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of the City or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Advances or Term Loans and such use of proceeds.

Section 2.16. 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 Obligations (other than Excess Interest which has not been recaptured) and on which this Agreement is no longer in effect, and (ii) the date on which all deferred Excess Interest is fully paid to the Bank.

Section 2.17. Prepayments of Advances. If (i) any payment of principal of any Advance is made by the City to or for the account of the Bank earlier than on the last day of the Interest Period for such Advance, as a result of a conversion pursuant to Section 2.05, acceleration of the maturity of Advances pursuant to Section 6.02 or for any other reason, or (ii) the City shall fail to borrow an Advance following submission of a Borrowing Request therefor, then the City shall, upon demand by the Bank, pay to the Bank any amounts required to compensate the Bank for any additional losses, costs or expenses that it may reasonably incur as a result of such payment, conversion or failure to borrow, in the amount of any loss (excluding specifically loss of anticipated profits or any spread over the cost of funds), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Bank to fund or maintain such Advance. Any demand by the Bank for any such amounts shall be in writing and shall set forth in reasonable detail the calculation of such amounts.

Section 2.18. Change in Law. Notwithstanding any other provisions of this Agreement or the Bank Note, if at any time the Bank shall determine that any change in applicable laws, treaties, or regulations, or in the interpretation or administration thereof, makes it unlawful for the Bank to create or continue to maintain any Advance, it shall promptly so notify the City and the obligation of the Bank to create, continue, or maintain any such Advance under this Agreement shall be suspended until it is no longer unlawful for the Bank to create, continue, or maintain such Advance. If the continued maintenance of any such Advance is unlawful, the City shall repay on demand to the Bank the outstanding principal amount of the affected Advance together with all interest accrued thereon and all other amounts payable to the Bank with respect thereto under this Agreement, including, without limitation, Section 2.17 hereof.

Section 2.19. Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, Adjusted LIBOR. Notwithstanding any other provision of this Agreement or the Bank Note, if the Bank shall determine in good faith at any time:

- (a) that deposits in the amount of any Advance scheduled to be outstanding during the applicable Interest Period are not readily available to the Bank in the relevant market, or
- (b) by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR, or
- (c) that the Adjusted LIBOR as determined hereby will not adequately and fairly reflect the cost to the Bank of funding any Advance for the applicable Interest Period, or

- (d) that the making or funding of Advances has become impracticable,

then the Bank shall forthwith give notice thereof to the City and the obligations of the Bank to create or continue any such Advance in such amount and for such Interest Period shall be suspended until the circumstances giving rise to such suspension no longer exist and deposits in such amount shall again be readily available in the relevant market and adequate and reasonable means exist for ascertaining the Adjusted LIBOR.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01. Conditions Precedent to the Effectiveness of this Agreement. This Agreement shall not become effective until the date on which each of the following conditions are satisfied or waived by the Bank:

(a) *Approvals.* The Bank shall have received copies of all action taken by the City approving the execution and delivery by the City of this Agreement, the Bank Note and the other Related Documents, certified by an Authorized Officer as complete and correct as of the Closing Date.

(b) *Incumbency of City Officials.* The Bank shall have received an incumbency certificate of the City with respect to each of the officials who are authorized to (A) sign this Agreement and the Bank Note on behalf of the City, and (B) take actions for the City under this Agreement.

(c) *Opinion of Corporation Counsel of the City.* The Bank shall have received a written opinion of the Corporation Counsel of the City, addressed to the Bank, dated the Closing Date in the form and substance agreed to by the Corporation Counsel of the City and the Bank.

(d) *Related Documents.* The Bank shall have received an executed original of this Agreement and the Bank Note.

(e) *No Default, Etc.* (i) No Default or Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution and delivery by the City of this Agreement; (ii) the representations and warranties and covenants made by the City in Article IV hereof or incorporated herein by reference shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date; (iii) all conditions precedent to the effectiveness of this Agreement set forth in this Section 3.01 have been satisfied and (iv) the Bank shall have received a certificate, given and made as of the Closing Date, from an Authorized Officer to the foregoing effect.

(f) *Legality; Material Adverse Change.* The Bank shall have received a certificate from the City executed by an Authorized Officer and dated the Closing Date to the effect that:

(i) neither the making of any Loans nor the consummation of any of the transactions contemplated by this Agreement will violate any law, rule or regulation applicable to the City or this Agreement; and

(ii) no material adverse change in the financial condition, operations or prospects of the City or laws, rules or regulations (or their interpretation or administration) that, in any case, may adversely affect the transactions contemplated by this Agreement and the repayment by the City of the Loans, as determined in the sole discretion of the Bank, shall have occurred since December 31, 2012 which would be reasonably likely to result in a Material Adverse Effect, except as disclosed in writing to the Bank prior to the Closing Date.

(g) *Ratings.* The Bank shall have received recent evidence that the unenhanced long-term Secured General Obligation Debt of the City has been assigned long-term ratings of at least "Baa1" by Moody's, "A+" by S&P and "A-" by Fitch, respectively.

(h) *Certificate of the City.* The Bank shall have received evidence of the filing of this Agreement, the Bank Note and the certificate required by Section 18(e) of the Ordinance, all in accordance with Section 18 of the Ordinance.

(i) *Other Documents.* The Bank shall have received such other documents, certificates and opinions as the Bank or its counsel shall have reasonably requested.

Section 3.02. Conditions Precedent to Bank's Obligation to Advance Funds for Loans. The obligation of the Bank to advance funds for Loans hereunder on any Borrowing Date is subject to the satisfaction of all of the following conditions, unless specifically waived in writing by the Bank with respect to a Borrowing Date:

(a) The Commitment shall not have expired or terminated;

(b) After giving effect to such borrowing, the Available Revolving Commitment would not be less than zero;

(c) No Rating Agency shall have downgraded the unenhanced rating of the City's Secured General Obligation Debt below Baa2 or BBB, respectively;

(d) A continuing appropriation providing for the payment of the principal of all Loans and interest thereon and of the principal of and interest on all other lines of credit or similar agreements remains in effect;

(e) No Default or Event of Default has occurred and is continuing; and

(f) The Bank shall have received a Borrowing Request during the Availability Period in the manner described in Section 2.03.

Each Borrowing Request hereunder shall be deemed to be a representation and warranty by the City on the date of such request as to the facts specified in clauses (b), (c), (d) and (e) of this Section 3.02.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement, the City represents and warrants to the Bank as follows:

Section 4.01. Due Authorization. The City has full legal right, power and authority to (i) adopt the Ordinance and (ii) enter into, to execute and deliver this Agreement and the Bank Note as provided herein and in the Ordinance. The City has duly authorized and approved the execution and delivery of this Agreement and the Related Documents.

Section 4.02. Enforceability. No further authorization or approval is required for the City's execution and delivery of this Agreement or the other Related Documents and this Agreement and the other Related Documents constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective 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 or by general principles of equity; and no further authorization or approval is required with respect to the enforceability of the City's obligations hereunder or thereunder.

Section 4.03. Ordinance. The City Council has duly adopted the Ordinance, which is in full force and effect.

Section 4.04. Consents. All approvals, consents, registrations, declarations and filings with or by, any federal, state or other governmental body or instrumentality having jurisdiction which would constitute a condition precedent to the performance by the City of its obligations hereunder, under the Ordinance or under the other Related Documents have been obtained or made.

Section 4.05. No Violation. The adoption of the Ordinance and compliance with the provisions thereof do not, and the execution and delivery of this Agreement and the other Related Documents and the performance of its obligations hereunder and thereunder do not and will not violate any existing law, rule, order, writ, injunction, decree award or administrative regulation of the State of Illinois 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, indenture, mortgage, lease, note, ordinance, resolution, agreement or other instrument to which the City is subject or by which it is bound.

Section 4.06. Litigation. Except as disclosed in writing to the Bank prior to the execution of this Agreement, 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) questioning the authority of the City to adopt the Ordinance, to execute this Agreement or the Related Documents or to issue, or the issuance or validity of, any other General Obligation Debt of the City or any Secured General Obligation Debt or (ii) questioning the constitutionality of any statute or the validity of any proceedings authorizing the issuance of the Related Documents, or (iii) questioning the validity or enforceability of the Ordinance, or (iv) questioning in any manner the City's general obligation pledge or the continuing appropriation provided for in the Ordinance, or (v) which could materially adversely affect the business, financial condition or results of operations of the City.

Section 4.07. Security. The Ordinance provides a continuing appropriation from legally available funds of the City to provide for the punctual payment of the principal of and interest on all Loans under this Agreement. The Obligations are direct and general obligations of the City payable from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose.

Section 4.08. Lien. The Obligations rank at least equally in right of payment by the City with all other General Obligation Debt of the City, except Secured General Obligation Debt.

Section 4.09. Organization. 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 of Illinois.

Section 4.10. Financial Statements. The most recent audited financial statements of the City delivered to the Bank fairly present the financial position and results of operation of the City as of December 31, 2012, and the financial statements have been prepared in accordance with GAAP as consistently applied to governmental units, except as otherwise noted therein. To the best knowledge of the City's Chief Financial Officer, except for the downgrade of the City's Secured General Obligation Debt rating prior to the Closing Date, no material adverse change in the financial position of the City as shown on such financial statements has occurred since December 31, 2012.

Section 4.11. Absence of Default. No Default or Event of Default has occurred and is continuing and the City is not in default under any material provision of the Ordinance or any other Related Document. The City is not in default under any material agreements or instruments to the extent such default would have a material adverse effect on the security for the Obligations or the City's ability to make payment with respect thereto.

Section 4.12. Environmental Laws. The City has not received notice to the effect that any of the operations of the City are not in compliance with any of the requirements of applicable

federal, state or local environmental, health and safety statutes and regulations 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 City's ability to pay its obligations under this Agreement or the Bank Note.

Section 4.13. No Proposed Legal Changes. There is no amendment, or to the knowledge of the City, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of Illinois or any published administrative interpretation of the Constitution of the State of Illinois or any State of Illinois law, or any legislation that has passed either house of the Illinois legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the ability of the City to pay the Obligations or any right, interest, security or remedy of the Bank under this Agreement.

Section 4.14. Disclosure. All information heretofore furnished by the City to the Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the City to the Bank will be, true, accurate and complete in all material respects or based on reasonable estimates on the date as of which such information is stated or certified and such information does not omit to state a material fact necessary to make such statements and information, in light of the circumstances under which they were made, not misleading in any material respect. The City has disclosed to the Bank in writing any and all facts which materially and adversely affect or may affect (to the extent the City can now reasonably foresee), the business, operations, prospects or condition, financial or otherwise, of the City, or the ability of the City to perform its obligations under this Agreement or any of the Related Documents.

Section 4.15. Margin Stock. The City is not engaged, and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), or extending credit for the purpose of purchasing or carrying margin stock.

Section 4.16. Reserved.

Section 4.17 Usury. The terms of this Agreement and the other Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws. The obligations of the City hereunder and under the Bank Note are not subject to any limitation as to maximum rate of interest payable to regulated financial institutions.

Section 4.18 OFAC Sanctions. To the actual knowledge of the Chief Financial Officer, (i) the City is in compliance with the requirements of all OFAC Sanctions Programs to the extent applicable to the City, and (ii) the City is not, as of the date hereof, named on the current OFAC SDN List.

ARTICLE V

COVENANTS

Section 5.01. Affirmative Covenants of the City. The City will do the following so long as any amounts may be requested hereunder or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Further Assurances.* The City shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Bank, all such instruments and documents as in the reasonable judgment of the Bank are necessary to comply with this Agreement, the Ordinance and the other Related Documents.

(b) *Information.* The City will furnish, or cause to be furnished to the Bank (electronically or in hard copy), as soon as available, the following documents:

(i) within two hundred forty (240) days after the close of each of its Fiscal Years, the audited financial statements of the City certified by independent certified public accountants covering 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 GAAP, which the City shall deliver to the Bank or ensure that they have been posted electronically on a website that the Bank has access to;

(ii) in addition, if specifically requested by the Bank in writing on or after the date on which the financial statements referred to in clause (i) have been posted, the City shall deliver, within ten (10) Business Days of such request, a certificate stating that no Default or Event of Default has occurred which was continuing at the end of such period and on the date of such certificate, or, if a Default or Event of Default has occurred and is continuing, a certificate indicating the nature of such event and the action which the City proposed to take with respect hereunder or thereto; and

(iii) from time to time, with reasonable promptness, such additional information regarding the financial condition of the City as the Bank may reasonably request 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, 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 Comptroller relating to the financial condition of the City, and to the extent permitted by applicable law, visit the

properties of the City to discuss the affairs, finances and accounts of the City with any of the City's officers, trustees and independent auditors (and by this provision the City authorizes said auditors to discuss with the Bank and its agents and representatives the affairs, finances and accounts of the City).

(d) *Compliance With Laws.* The City shall comply in all material respects with all laws, ordinances, investment policies, orders, rules and regulations that may be applicable to it if the failure to comply would have a material adverse effect on the City's ability to repay when due its obligations under this Agreement, the Bank Note or any other Related Document.

(e) *Notices.* The City will promptly furnish, or cause to be furnished, to the Bank (i) notice of the occurrence of any Event of Default or Default as defined herein, (ii) notice of any litigation or administrative proceeding which, if adversely determined, would materially adversely affect the ability of the City to pay its Obligations or its obligations under any of the other Related Documents, and (iii) such further financial and other information with respect to the City and its affairs as the Bank may reasonably request from time to time.

(f) *Alternate Revolving Credit Agreement.* The City shall use its best efforts to obtain an alternate revolving credit agreement, line of credit or similar agreement (an "Alternate Credit Agreement") to replace this Agreement in the event the Bank shall decide not to extend the Stated Expiration Date pursuant to Section 2.12 hereof. The City agrees that, as a condition to the effectiveness of the Alternate Credit Agreement, the City, whether from its own funds or an Alternate Credit Agreement, shall provide funds to the extent necessary, in addition to other funds available, on the date of such substitution, to pay all Obligations owing the Bank on the date of such substitution. On the date of such substitution, any and all Obligations due hereunder and all principal and interest due on the Bank Note shall be payable in full to the Bank.

(g) *Maintenance of Approvals; Filings, Etc.* The City shall at all times 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 Related Documents to the extent that failure to do so would have a material adverse effect on the City's ability to pay when due its Obligations under this Agreement or the Bank Note or to perform its obligations under the Related Documents.

(h) *Secured General Obligation Debt Ratings.* At all times, the City shall cause to be maintained a long-term unenhanced rating on the Secured General Obligation Debt of the City by at least one Rating Agency.

(i) *Issuance of Debt.* In the event that the City shall (i) issue any Debt or debt instrument or (ii) draw on any lines of credit or other Bank Agreements, in each case, to fund contributions to any of its pension plans or other retirement benefit plans or funds,

the City shall immediately terminate this Agreement and all Obligations due under this Agreement shall be immediately due and payable.

Section 5.02. Negative Covenants of the City. So long as any amounts may be requested hereunder or any Obligations remain outstanding under this Agreement:

(a) *Amendments to Related Documents.* The City shall not amend or modify or permit to be amended or modified any of the Related Documents in a manner relating in any way to this Agreement or the Bank or having a material adverse effect on the City's ability to perform its obligations under the Related Documents, the City's ability to pay the Obligations, or the rights, interests, security or remedies of the Bank, without the prior written consent of the Bank.

(b) *References to the Bank.* The City shall not refer to the Bank in relation to this Agreement in any official statement or any similar offering document or make any changes in reference to the Bank in any official statement or any similar offering document without the prior written consent of the Bank.

(c) *Draws.* The City shall not apply amounts available under this Agreement to fund contributions to any of its pension plans or other retirement benefit plans or funds.

Section 5.03. Compliance with other Covenants. From and after the date hereof and 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 it will, for the benefit of the Bank, comply with in all material respects and abide by all material agreements, covenants, obligations and undertakings contained in each of the Related Documents, to the extent that failure to comply would materially adversely affect the City's ability to pay its Obligations or perform its obligations under the Related Documents, it being understood that no amendment or waiver with respect to the foregoing provisions shall be effective as to this Agreement unless and until specifically agreed to in writing by the Bank with reference to this Agreement.

ARTICLE VI

DEFAULTS

Section 6.01. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an "Event of Default":

(a) the City fails to pay, or cause to be paid, when due: (i) any Reimbursement Obligation; or (ii) any other Obligation owing to the Bank hereunder and, with respect to this clause (ii) only, such failure continues for a period of fifteen (15) Business Days;

(b) any "event of default" shall have occurred under any of the Related Documents (as defined respectively therein);

(c) any representation, warranty or statement made by or on behalf of the City herein or in any Related 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 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 Sections 5.01(e)(i), 5.01(f), 5.01(g), 5.01(h), 5.01(i), 5.02 or 5.03 hereof; (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; or (iii) the City fails to perform or observe any material term, covenant or agreement contained in any other Related Document;

(e) the City shall default in any payment on any of its General Obligation Debt or Secured General Obligation Debt and such default shall continue beyond the expiration of the applicable grace period, if any, or the City shall fail to perform any other agreement, term or condition contained in any agreement, including, but not limited to, any Bank Agreement, under which any such General Obligation Debt or Secured General Obligation Debt is created or secured, which shall permit or result in the declaring due and payable of such obligation prior to the date on which it would otherwise have become due and payable (or, with respect to any Swap Contract, which results in such Swap Contract being terminated early or being capable of being terminated early);

(f) (i) any material provision of this Agreement or any Related Document 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 (ii) 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 (iii) an Authorized Officer of the City or any party or entity with the ability to bind the City shall repudiate or deny that it has any or further liability to pay the Obligations;

(g) 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 Related Document or any material provision thereof shall cease to be in full force or effect, or any Authorized Officer of the City or any Governmental Authority having jurisdiction shall deny or disaffirm the City's obligations under any Related Document;

(h) one or more final, unappealable judgments against the City, or attachments against the property of the City, the operation or result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, undischarged, unbonded or undismissed for a period of sixty (60) days;

(i) (i) 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; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the City seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the City seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the City's property, or the City shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (ii) above which (A) results in an order for such relief or in the appointment of a receiver or similar official or (B) remains undismitted, undischarged or unbonded for a period of sixty (60) days; (v) 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 its property 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; (vi) the City takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the City shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts or its legally mandated obligations to make payments or contributions to any of the City's pension plans or other retirement benefit plans or funds, as they become due;

(j) any Rating Agency shall have downgraded its rating of any long-term unenhanced Secured General Obligation Debt or General Obligation Debt of the City to or below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same;

(k) the City or any governmental agency or authority with jurisdiction over the City shall initiate any legal proceedings to seek an adjudication that this Agreement, the Bank Note or any of the other Related Documents or the City's obligation to pay or repay any Debt or Bank Agreements is not valid or not binding on the City;

(l) any court of competent jurisdiction shall issue a judgment that this Agreement, the Bank Note or any other Related Document is not valid or not binding on the City;

(m) the Maximum Rate applicable to Advances or Term Loans shall be reduced, or otherwise determined to be, below eighteen (18%) percent; or

(n) any legislation is enacted, repealed, reenacted, amended or otherwise modified which has a material adverse effect on the ability of the City to pay any Obligations hereunder.

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) by written notice to the City, immediately terminate (i) the Availability Period, (ii) the Commitment and (iii) the obligation of the Bank to advance funds for any Loan hereunder and to convert any Advances to Term Loans, and, thereafter, the Bank shall be under no obligation to advance funds for any Loan hereunder; *provided* that upon the occurrence of an Event of Default under Section 6.01(i) hereof, such termination shall automatically occur (unless such automatic termination is waived by the Bank in writing);

(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(i) 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 Related Documents;
and/or

(d) pursue any other action available at law or in equity.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the City therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however,* that no amendment, waiver or consent shall, unless in writing and signed by the Bank, affect the rights or duties of the Bank under this Agreement or any other Related Document.

Section 7.02. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto or referred to herein shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or otherwise received and (ii) in the case of notice by telecopier, when sent, receipt confirmed, addressed to them as follows or at such other address as any of the parties hereto may designate by written notice to the other parties hereto:

City:

[REDACTED]

With a copy to:

[REDACTED]

Bank, with respect to Borrowing Requests hereunder:

[REDACTED]

Bank, with respect to all other matters:

[REDACTED]

Section 7.03. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Advance or Term Loan hereunder and shall continue in full force and effect until all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the City which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank; provided, however, that the City may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank and any assignment in contravention hereof shall be void. The Bank may transfer some or all of its rights

and obligations under this Agreement. This Agreement is made solely for the benefit of the City and the Bank, and no other Person shall have any right, benefit or interest under or because of the existence of this Agreement.

(b) The Bank shall be permitted to grant to one or more financial institutions (each a "Participant") a participation or participations in all or any part of the Bank's rights and benefits under this Agreement on a participating basis but not as a party to this Agreement (a "Participation"), including, without limitation, Sections 2.13, 2.14 and 7.05 hereof, without the prior written consent of the City. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations hereunder, and the City shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement. The City agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank; *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.01 hereof; *provided further* that the City's liability to any Participant shall not in any event exceed that liability which the City would owe to the Bank but for such participation.

Section 7.04. Unconditional Obligations. The obligations of the City under this Agreement shall be absolute, unconditional, irrevocable and payable and performed strictly in accordance with the terms of the Ordinance and this Agreement, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Bank Note or, to the extent permitted by law, the Ordinance;

(b) any amendment or waiver of or any consent to departure from the terms of all or any of the Related Documents to which the Bank has not consented in writing;

(c) the existence of any claim, counterclaim, setoff, recoupment, defense or other right which any Person may have at any time against the Bank, the City or any other Person, whether in connection with this Agreement, the Ordinance, the Related Documents, or any other transaction related thereto;

(d) any statement or any other document presented pursuant hereto which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) payment by the Bank of a Borrowing Request against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement; and

(f) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

Section 7.05. No Liability of the Bank; Indemnification. (a) With respect to the Bank, the City assumes all risks of its acts or omissions and the acts or omissions of each of its agents in respect of their use of any amounts made available by the Bank hereunder. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any amounts made available by the Bank hereunder or for any acts or omissions of any party (other than the Bank) in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) any other circumstances whatsoever in making or failing to make payment hereunder; 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 special, consequential or punitive, damages (the right to receive special, consequential or punitive damages being hereby waived) suffered by the City which the City proves were caused by (i) the Bank's willful misconduct or gross negligence in determining whether documents presented hereunder comply with the terms of this Agreement or (ii) the Bank's willful or grossly negligent failure to make lawful payment hereunder after the presentation to the Bank by the City of a certificate strictly complying with the terms and conditions of this Agreement (it being understood that the Bank assumes no liability or responsibility for the genuineness, falsification or effect of any document which appears on such examination to be regular on its face). In furtherance and not in limitation of the foregoing, Bank may accept documents that the Bank in good faith determines 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.

(c) 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 (including reasonable fees and disbursements of counsel to the Bank, approved by the City, *provided* that McDermott Will & Emery LLP is hereby approved by the City) 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 the Related Documents, including, without limitation, the execution and delivery of, or payment or failure to pay by any Person 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 the willful misconduct or gross negligence of the Bank in performing its obligations under this Agreement or in making payment against a drawing presented under this Agreement which does not comply with the terms thereof (it being understood and agreed by the parties hereto that in making such payment the Bank's exclusive reliance on the documents presented to the Bank in accordance with the terms of this Agreement as to any and all matters set forth therein, whether or not any such statement or any such document presented to the Bank pursuant to this Agreement proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein proves to be untrue or inaccurate in any respect whatsoever shall not be deemed willful

misconduct or gross negligence of the Bank). Nothing in this Section 7.05 is intended to limit the obligations of the City to pay its obligations hereunder and under the Related Documents.

(d) The provisions of this Section 7.05 and Sections 2.13 and 2.14 hereof shall survive the termination of this Agreement and the payment in full of the Obligations of the City hereunder. Each Indemnified Party shall notify the City of any amounts which are owed to such Indemnified Party pursuant to this Section 7.05.

Section 7.06. Expenses and Taxes. The City will, promptly upon receipt of an invoice, in immediately available funds, pay (a) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement (in an amount not to exceed ████████); (b) the reasonable costs and expenses of the Bank in the preparation, execution and delivery of this Agreement; (c) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default; and (d) all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Bank. 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 Related 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.

Section 7.07. No Waiver; Conflict. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof or preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law.

Section 7.08. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the parties hereto.

Section 7.09. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the illegal, invalid or

unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions.

Section 7.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 7.11. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 7.12. Entire Agreement. This Agreement represents the final agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto.

Section 7.13. Governing Law; Sovereign Immunity; 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 OF ILLINOIS; *PROVIDED* THAT THE BANK'S RIGHTS, REMEDIES AND OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) To the fullest extent permitted by law, the City represents that it is subject to suit with respect to its Obligations under this Agreement and that 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 any other provision of this Agreement, (i) in accordance with the laws of the State of Illinois, the City shall not waive any sovereign immunities from time to time available under the laws of the State of Illinois as to jurisdiction, procedures and remedies, (ii) subject to clause (i) above, this Agreement shall otherwise be fully enforceable as a valid and binding contract as and to the extent provided by applicable law and, the City may not claim sovereign immunity with respect to any Obligations under this Agreement; and (iii) 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.

(c) 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 Related Document or the transactions contemplated thereby.

Section 7.14. Disclosure of Information. The Bank may disclose to any of its affiliates and any permitted (actual or potential) assignee, transferee or participant any information about the City as the Bank considers necessary and appropriate.

Section 7.15. Compliance with OFAC Sanctions Programs. (a) Upon the request of the Bank, the City shall use reasonable efforts to provide the Bank with any information regarding the City which any Governmental Authority requires the Bank to obtain from the City in order for the Bank to comply with all applicable OFAC Sanctions Programs.

(b) If the City obtains actual knowledge or receives any written notice that the City is named on the then current OFAC SDN List (such occurrence, an "*OFAC Event*"), the City shall promptly give written notice to the Bank of such OFAC Event. Failure to comply with this Section 7.15 shall not constitute an Event of Default hereunder.

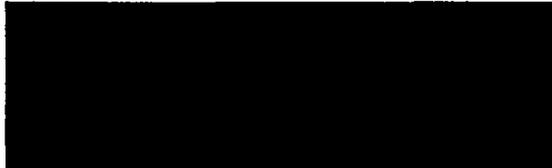
Section 7.16. Electronic Transmissions. The Bank is authorized to accept and process any amendments, transfers, assignments of proceeds, Borrowing Requests, consents, waivers and all documents relating hereto which are sent to Bank by electronic transmission, including the SWIFT, electronic mail, telex, telecopy, telefax, courier, mail or other computer generated telecommunications and such electronic communication shall have 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 7.17. No Advisory or Fiduciary Responsibility. The City represents and warrants that it has independently evaluated the business transaction contemplated by this Agreement and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Bank (including agents of the Bank), if any, in deciding to pursue such undertaking. In no event shall the Bank owe any fiduciary or similar obligations to it in connection with this Agreement.

IN WITNESS WHEREOF, the City and the Bank have duly executed this Agreement as of the date first above written.

(SEAL)

CITY OF CHICAGO



Attest:



BARCLAYS BANK PLC

By _____
Authorized Signatory for and on
behalf of Barclays Bank PLC

IN WITNESS WHEREOF, the City and the Bank have duly executed this Agreement as of the date first above written.

(SEAL)

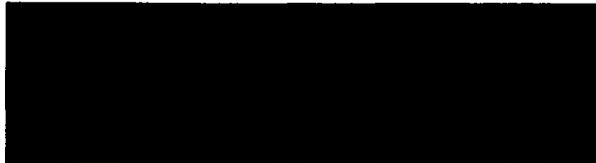
CITY OF CHICAGO



Attest:

City Clerk

BARCLAYS BANK PLC



APPENDIX I

FORM OF BANK NOTE

**UNITED STATES OF AMERICA
CITY OF CHICAGO**

CITY OF CHICAGO
BANK NOTE

\$100,000,000 Principal Amount

Chicago, Illinois
May 16, 2014

The City of Chicago (the "*City*") hereby promises to pay to the order of Barclays Bank PLC (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 (as defined below), plus accrued interest thereon. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Revolving Credit Agreement dated as of May 16, 2014 (the "*Agreement*"), by and between the City of Chicago and the Bank.

This Bank Note is the Bank Note referred to in the Agreement. This Bank Note is issued pursuant to and in accordance with the Constitution and laws of the State of Illinois, and pursuant to and in accordance with an the ordinance duly adopted by the City Council of the City on May 1, 2002, as amended by ordinances adopted by the City Council on March 14, 2012 and February 5, 2014 (the "*Ordinance*") to evidence the Obligations of the City.

This Bank Note constitutes a direct and general obligation of the City payable from any funds legally available for such purpose. This Bank Note constitutes a "Line of Credit Note" and "Authorized Debt" for purposes of the Ordinance

Reference is hereby made to the Revolving Credit Agreement and the Ordinance for the provisions, among other things, with respect to the nature and extent of the security for this Bank Note, the manner and enforcement of such security, the custody and application of the proceeds of this Bank 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 Bank 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 Bank Note, does not exceed any Constitutional or statutory limitation. This Bank 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 this 16th day of May, 2014.

CITY OF CHICAGO

(Seal)

By: _____

Name: Rahm Emanuel

Title: Mayor

Attest:

City Clerk

EXHIBIT A

FORM OF BORROWING REQUEST

[REDACTED]

EXHIBIT B

FORM OF REQUEST FOR EXTENSION

REQUEST FOR EXTENSION

Barclays Bank PLC
[ADDRESS]
Attention:

Ladies and Gentlemen:

Reference is hereby made to that certain Revolving Credit Agreement, dated as of May 16, 2014 (the "Agreement"), between City of Chicago and Barclays Bank PLC. All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The City hereby requests, pursuant to Section 2.12 of the Agreement, that the Stated Expiration Date for the Agreement be extended by [IDENTIFY APPROPRIATE PERIOD]. Pursuant to Section 2.12 of the Agreement, we have enclosed along with this request the following information:

1. The nature of any and all Defaults and Events of Default;
2. Confirmation that all representations and warranties of the City set forth in the Agreement are true and correct as though made on the date hereof and that no Event of Default has occurred and is continuing on the date hereof except as referenced in paragraph 1 above; and
3. Any other pertinent information previously requested by the Bank.

The Bank is requested to notify the City of its decision with respect to this request for extension within thirty (30) days of the date of receipt hereof (or as otherwise provided in the Agreement). If the Bank fails to notify the City of its decision within such thirty (30) day period (or as otherwise provided in the Agreement), the Bank shall be deemed to have rejected such request.

Very truly yours,

CITY OF CHICAGO

By _____
Name _____
Title _____

EXHIBIT C
NOTICE OF EXTENSION

[DATE]

City of Chicago
[ADDRESS]

Ladies and Gentlemen:

Reference is hereby made to that certain Revolving Credit Agreement, dated as of May 16, 2014 (the "Agreement"), between City of Chicago and Barclays Bank PLC (the "Bank").

The undersigned, a duly authorized officer of the Bank hereby advises you, with reference to the Agreement (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement), that [Complete as Appropriate]:

1. On [date], the City delivered to the Bank, pursuant to Section 2.12 of the Agreement, a Request For Extension requesting that the date referenced in the definition of "Stated Expiration Date" in the Agreement (as such date may have been extended previously from time to time) be extended to _____.
2. At the request and for the account of the City, we hereby extend the date referenced in the definition of "Stated Expiration Date" in the Agreement (as such date may have been extended previously from time to time) to _____.
3. Except as specifically provided in paragraph (1) above, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.
4. This Notice of Extension is an integral part of the Agreement.]

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice of Extension as of the ____ day of _____.

BARCLAYS BANK PLC

By _____
Name _____
Title _____

EXHIBIT C

THE NOTE

CITY OF CHICAGO

BANK NOTE

\$100,000,000 Principal Amount

Chicago, Illinois
May 16, 2014.

The City of Chicago (the "*City*") hereby promises to pay to the order of Barclays Bank PLC (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 (as defined below), plus accrued interest thereon. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Revolving Credit Agreement dated as of May 16, 2014 (the "*Agreement*"), by and between the City of Chicago and the Bank.

This Bank Note is the Bank Note referred to in the Agreement. This Bank Note is issued pursuant to and in accordance with the Constitution and laws of the State of Illinois, and pursuant to and in accordance with an the ordinance duly adopted by the City Council of the City on May 1, 2002, as amended by ordinances adopted by the City Council on March 14, 2012 and February 5, 2014 (the "*Ordinance*") to evidence the Obligations of the City.

This Bank Note constitutes a direct and general obligation of the City payable from any funds legally available for such purpose. This Bank Note constitutes a "Line of Credit Note" and "Authorized Debt" for purposes of the Ordinance.

Reference is hereby made to the Revolving Credit Agreement and the Ordinance for the provisions, among other things, with respect to the nature and extent of the security for this Bank Note, the manner and enforcement of such security, the custody and application of the proceeds of this Bank 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 Bank 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 Bank Note, does not exceed any Constitutional or statutory limitation. This Bank Note shall be governed by and construed in accordance with the internal laws of the State of Illinois.

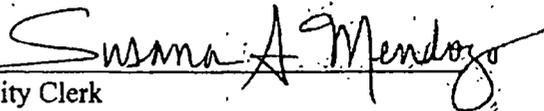
IN WITNESS WHEREOF, the City, by authority of its City Council, has caused this note to be signed for and on its behalf and in its name by the Chief Financial Officer, and the official seal of the City of Chicago to be affixed hereto, all as of this 16th day of May, 2014.

CITY OF CHICAGO

(Seal)

By: 
Name: Rahm Emanuel
Title: Mayor

Attest:


City Clerk

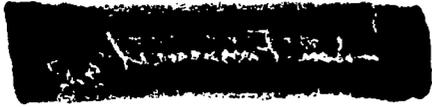


EXHIBIT D
RATING AGENCIES REPORTS





RatingsDirect®

Summary:

Chicago; General Obligation; Joint Criteria

Primary Credit Analyst:

Helen Samuelson, Chicago (1) 312-233-7011; helen.samuelson@standardandpoors.com

Secondary Contact:

John A Kenward, Chicago (1) 312-233-7003; john.kenward@standardandpoors.com

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Rationale

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 face 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

Summary: Chicago; General Obligation; Joint Criteria

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

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings

Summary: Chicago; General Obligation; Joint Criteria

affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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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.moody's.com for a copy of these methodologies.

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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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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

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