



City of Chicago



O2019-7003

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 9/18/2019

Sponsor(s): Lightfoot (Mayor)

Type: Ordinance

Title: Amendment No. 2 to 1999 Master Indenture authorizing closure of senior lien water revenue bonds and expression of intent for no further issuance

Committee(s) Assignment: Committee on Finance



OFFICE OF THE MAYOR
CITY OF CHICAGO

LORI E. LIGHTFOOT
MAYOR

September 18, 2019

TO THE HONORABLE, THE CITY COUNCIL,
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Chief Financial Officer, I transmit herewith an ordinance authorizing the closure of senior lien water revenue bonds.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lori E. Lightfoot".

Mayor

**ORDINANCE STATING THE CITY'S
INTENTION NOT TO ISSUE ADDITIONAL SENIOR LIEN
WATER REVENUE BONDS AND AUTHORIZING AMENDMENT
NO. 2 TO THE MASTER INDENTURE OF TRUST SECURING
THE SECOND LIEN WATER REVENUE BONDS**

WHEREAS, the City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the Constitution, and is a "home rule unit" under Section 6(a) of Article VII of the Constitution; and

WHEREAS, in order to improve and expand the City's Water System, the City has issued series of Senior Lien Water Revenue Bonds from time to time pursuant to authorizing ordinances adopted by the City to pay the costs of improvements and expansion of the Water System (collectively with the Series 2000 Bond Ordinance defined herein, the "Senior Lien Water Revenue Bond Ordinances"); and

WHEREAS, the Series 2000 Senior Lien Bonds were issued pursuant to an ordinance adopted by the City Council of the City of Chicago on November 17, 1999 and published in the Journal of Proceedings of the City Council for said date on pages 17845 to 18039 (the "Series 2000 Bond Ordinance"); and

WHEREAS, the Series 2000 Bond Ordinance also approved the Second Lien Bonds Master Indenture of Trust from the City to The Bank of New York Mellon Trust Company, N.A., as trustee (as successor to Amalgamated National Bank and Trust Company of Chicago and J.P. Morgan Trust Company, National Association) which was subsequently entered into on December 15, 1999, as amended by Amendment No. 1 to Master Indenture Dated as of August 1, 2004 (together, the "Master Indenture"); and

WHEREAS, as of July 12, 2019, all of the Senior Lien Water Revenue Bonds issued by the City are no longer outstanding; and

WHEREAS, the City has determined that it is in the best interests of the City to not issue additional Senior Lien Water Revenue Bonds pursuant to any existing authorization under any Senior Lien Water Revenue Bond Ordinances or any other authorizing ordinance adopted by the City prior to the effective date hereof; and

WHEREAS, Section 5.01(a) of the Master Indenture provides that the Master Indenture can be supplemented from time to time to among other things, provide limitations and restrictions to the issuance of Second Lien Bonds and other evidences of indebtedness without bondholder consent; and

WHEREAS, the City now wishes to supplement the Master Indenture to reflect the City's intention to not issue additional Senior Lien Water Revenue Bonds; and

WHEREAS, the City hereby wishes to authorize and approve the form of Amendment No. 2 to Master Indenture attached to this ordinance as Exhibit 1;

NOW THEREFORE, Be It Ordained by the City Council of the City of Chicago:

Section 1. Recitals Incorporated. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

Section 2. Amendment to Master Indenture. The form of Amendment No. 2 to Master Indenture attached to this Ordinance as Exhibit 1 is approved in all respects.

Section 3. Authorized Signatories. Each of the Mayor of the City and the Chief Financial Officer of the City (each, an "Authorized Officer") or any agent appointed by an Authorized Officer in writing is hereby authorized to execute and deliver Amendment No. 2 to Master Indenture in substantially the form attached to this Ordinance as Exhibit 1 for and on behalf of the City, and the City Clerk is authorized to attest the same and to affix to the same the corporate seal of the City or a facsimile of such corporate seal.

Section 4. Further Authorizations. The Amendment No. 2 to Master Indenture may contain such changes and revisions as shall be approved by an Authorized Officer, the execution and delivery of the Amendment No. 2 to Master Indenture to constitute conclusive evidence of the City Council's approval of any and all such changes or revisions thereto. Each Authorized Officer is further authorized to take all other acts necessary to effect the execution, delivery and validity of the Amendment No. 2 to Master Indenture.

Section 5. Conflict. To the extent that any ordinance, resolution, provision of the Municipal Code, rule or order is in conflict with or is inconsistent with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. No provision of 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.

Section 6. Severability. 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.

Section 7. Headings. Any headings preceding the texts of the several Articles and Sections of this Ordinance shall be solely for convenience or reference and shall not constitute a part of this Ordinance nor shall they affect its meaning, construction or effect.

Section 8. Effective Date. This Ordinance shall be in full force and effect immediately upon its adoption and approval.

EXHIBIT 1
(To Ordinance)

Amendment No. 2 to Master Indenture

AMENDMENT NO. 2 TO MASTER INDENTURE

Between

CITY OF CHICAGO, ILLINOIS,
as Issuer

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
(as successor to Amalgamated National Bank and Trust Company of Chicago),
as Trustee

Dated as of _____, 2019

AMENDMENT NO. 2 TO MASTER INDENTURE

THIS AMENDMENT NO. 2 to Master Indenture dated as of _____, 2019 (“Master Indenture Amendment No. 2”), between the City of Chicago, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the “City”) and The Bank of New York Mellon Trust Company, N.A., a national banking association (as successor to Amalgamated National Bank and Trust Company of Chicago and J.P. Morgan Trust Company, National Association), duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States, with the principal corporate trust office in Chicago Illinois, as trustee (the “Trustee”).

WITNESSETH:

Whereas, the City has previously issued its Second Lien Water Revenue Bonds pursuant to a Master Indenture of Trust dated as of December 15, 1999, as amended by Amendment No. 1 to Master Indenture dated as of August 1, 2004 (the “Master Indenture”), from the City to the Trustee and indentures supplemental thereto; and

Whereas, Section 5.01 of the Master Indenture authorizes the City and the Trustee to enter into a supplemental indenture to amend the Master Indenture for certain purposes; and

Whereas, this Master Indenture Amendment No. 2 has been authorized by an ordinance duly adopted by the City Council of the City on [October 9, 2019] (the “Amendment No. 2 to Master Indenture Ordinance”);

NOW THEREFORE, in consideration of the premises and agreements herein set forth, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree a follows:

ARTICLE I DEFINITIONS

Words and terms which are defined in the Master Indenture shall have, when used herein, the same meanings therein ascribed to them unless the context or use indicates a different meaning or intent.

ARTICLE II AMENDMENT TO MASTER INDENTURE

Section 2.04 of the Master Indenture is hereby amended to read as follows:

“Section 2.04. Source of Payment Pledge Of Second Lien Bond Revenues and Other Monies. The Second Lien Bonds are legal, valid and binding limited obligations of the City having a claim for payment of principal, redemption premium and interest solely from the moneys and securities held by the City in the Second Lien Bonds Account and by the Trustee under the provisions of this Indenture and any Supplemental Indenture and, together with any other Second Lien Bonds outstanding, from Second Lien Bond revenues and from amounts in the Second Lien Bonds Account and the Second Lien Bonds Construction Accounts. The Second

Lien Bonds and the interest on them do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness and shall have no claim to be paid from taxes of the City. A pledge of the Trust Estate, to the extent set forth in the Granting Clauses of this Indenture, and all of the moneys and securities held or set aside or to be held or set aside by the Trustee under this Indenture or any Supplemental Indenture is made, and such moneys and securities are pledged, to secure the payment of principal and Redemption Price of, and interest on, the Second Lien Bonds and the payment of all amounts constituting Section 2.08 Obligations and Section 2.09 Obligations, subject only to the provisions of this Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and orders set forth in or provided under this Indenture or such Supplemental Indenture. This pledge, assignment and grant of a lien and security interest is valid and binding from and after the date of issuance of any Second Lien Bonds under this Indenture without any further physical delivery or further act; and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice of such pledge, assignment and lien. As of July 12, 2019, all of the Senior Lien Bonds issued by the City are no longer Outstanding. As of [INSERT EXECUTION DATE FOR SECOND AMENDMENT], the City covenants that the City shall not issue additional Senior Lien Bonds pursuant to any authorization under any Senior Lien Bond Ordinances or any other authorizing ordinance adopted by the City prior to [October 9, 2019], the effective date of the Amendment No. 2 to Master Indenture Ordinance. For the period ending on July 12, 2019, the claim of the Second Lien Bonds, Section 2.08 Obligations and Section 2.09 Obligations to Net Revenues Available for Bonds is junior and subordinate to the claim of the Senior Lien Bonds (and all Senior Lien Debt Service Reserve Account Credit Instruments); after July 12, 2019, this provision shall no longer be applicable.”

ARTICLE III MISCELLANEOUS PROVISIONS

Section 3.01. Ratification.

In all respects not inconsistent with the terms and provisions of this Master Indenture Amendment No. 2, the Master Indenture is hereby ratified, approved and confirmed. In executing and delivering this Master Indenture Amendment No. 2, the Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Master Indenture.

Section 3.02. Counterparts.

This Master Indenture Amendment No. 2 may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Applicable Law.

This Master Indenture Amendment No. 2 shall be governed exclusively by the applicable laws of the State of Illinois.

Section 3.04. Severability.

If any provision of this Master Indenture Amendment No. 2 shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 3.05. Captions.

The captions or headings of this Master Indenture Amendment No. 2 are for convenience or reference only, and in no way define, limit or describe the scope or intent or any provisions or section of this Master Indenture Amendment No. 2.

Section 3.06. Limitation of Liability.

Nothing in this Master Indenture Amendment No. 2 shall give rise to any pecuniary liability of the City or any charge against its general credit or taxing power. No recourse shall be had for any claim based hereon against any past, present or future officer, employee or agent, or member of the City Council, of the City or any successor to the City either directly or through the City or any successor to the City under any rule of law or equity, statute or constitution.

[Signature Page Follows]

IN WITNESS WHEREOF, the City has caused this Master Indenture Amendment No. 2 to be executed in its behalf by its Chief Financial Officer and attested by its City Clerk, and the official seal of the City to be hereon impressed, and the Trustee, to evidence its acceptance of the power and duties created hereunder, has caused this Master Indenture Amendment No. 2 to be executed in its name by its duly authorized officers and its corporate seal to be hereon impressed and duly attested, all as of the day and year first above written.

CITY OF CHICAGO

By: _____
Chief Financial Officer

[SEAL]

Attest:

By: _____
City Clerk

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as successor to Amalgamated National Bank and Trust Company of Chicago and J.P. Morgan Trust Company, National Association, as trustee

By: _____
Authorized Signatory

[SEAL]

Attest:

By: _____
Authorized Signatory

[Signature Page – Amendment No. 2 to Master Indenture]