



City of Chicago



O2018-9961

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 12/12/2018

Sponsor(s): Emanuel (Mayor)

Type: Ordinance

Title: Implementation of Pension Fund Stabilization Bonds for benefit of city's obligations to various pensions, utilizing revenues from Chicago Water and Sewer Tax Ordinance, and revenues from Sales Tax Securitization Corporation when authorized

Committee(s) Assignment: Joint Committee: Finance; Workforce Development and Audit

JT Fin
+ WUPORCE



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 12, 2018

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 pertaining to Fund Stabilization Bonds.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Rahm Emanuel".

Mayor

ORDINANCE

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 25,000 and is a home rule unit of local government under Section 6(a) of Article VII of the Constitution; and

WHEREAS, in accordance with the provisions of Section 6(a) of Article VII of the Constitution, the City may exercise any power and perform any function pertaining to its government and affairs, including the power to tax and the power to incur debt; and

WHEREAS, Division 13 of Article 8 of the Illinois Municipal Code, as amended (the “*Act*”), authorizes the City, as a home rule municipality, to enter into agreements to assign, sell, transfer or otherwise convey its interest in all or any part of any revenues or taxes that it receives from the State Comptroller, the State Treasurer or the Department of Revenue (the “*Department of Revenue*”) of the State of Illinois (collectively, the “*State Entities*”); and

WHEREAS, the City has determined that it is in the best financial interest of the City to implement a plan (the “*Pension Funding Plan*”) to improve the financial health and increase the funding ratios of the Municipal Employees’ Annuity and Benefit Fund of Chicago (the “*MEABF*”), the Policemen’s Annuity and Benefit Fund of Chicago (the “*PABF*”), and the Firemen’s Annuity and Benefit Fund of Chicago (the “*FABF*”), and the Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (“*LABF*,” and collectively with the MEABF, the PABF, and the FABF, the “*Pension Funds*”) by currently funding a portion of the City’s present and future funding obligations to the Pension Funds; and

WHEREAS, the City has determined to finance the implementation of the Pension Funding Plan through: (i) the issuance of its Water and Sewer Excise Tax Receipts Revenue Bonds (the “*Excise Tax Bonds*”) as herein described, for the purpose of financing a portion of the City’s present and future funding obligations to the MEABF, (ii) the formation of a special purpose entity pursuant to the provisions of the Act (the “*Corporation*”) for the limited purpose of issuing, for the benefit of the City, bonds, notes, certificates, contract rights and other obligations (collectively, the “*Corporation Obligations*”), for the purpose of financing a portion of the City’s present and future funding obligations to the Pension Funds, and (iii) the sale at fair market value to the Corporation of certain Dedicated Tax Revenues (as herein defined) to be pledged by the Corporation to the repayment of such Corporation Obligations; and

WHEREAS, the City has enacted the “Chicago Water and Sewer Tax Ordinance” (codified as Chapter 3-80 of the Municipal Code of Chicago (the “*Municipal Code*”)) and pursuant thereto has imposed a tax upon (i) the use or consumption in the City of water that is purchased from the Department of Water Management and (ii) the transfer of wastewater to the City sewer system from property located in the City (the “*Chicago Water and Sewer Tax*”); and

WHEREAS, the City has determined that it is in the best financial interest of the City to issue and sell Excise Tax Bonds in the manner hereinafter authorized, in one or more series, in an aggregate principal amount not to exceed \$2,300,000,000 and to pledge the proceeds to be

derived from the Chicago Water and Sewer Tax for the payment of the principal of and interest on such Excise Tax Bonds; and

WHEREAS, the City previously authorized the formation of the Sales Tax Securitization Corporation (the “STSC”) and entered into an agreement (the “*Sales Tax Purchase and Sale Agreement*”) with the STSC in accordance with the Act, pursuant to which the City sold to the STSC all of the City’s right, title and interest in and to certain Sales Tax Revenues (as defined in the Sales Tax Purchase and Sale Agreement, the “*Sales Tax Revenues*”); and

WHEREAS, the purchase price paid by the STSC to the City under the Sales Tax Purchase and Sale Agreement included (i) the proceeds of bonds issued and to be issued by the STSC under its Master Trust Indenture, dated as of December 1, 2017 (the “*Sales Tax Trust Indenture*”), by and between the STSC and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Sales Tax Indenture Trustee*”), and (ii) a residual certificate (the “*Sales Tax Securitization Corporation Residual Certificate*”) issued by the STSC in accordance with the Sales Tax Trust Indenture, which entitles the owner thereof to receive all moneys deposited in the Residual Fund created thereunder (the “*STSC Residual Revenues*”); and

WHEREAS, the City has determined that it is in the best financial interest of the City to provide for the assignment, sale, transfer or conveyance by the City to the Corporation of the Income Tax Revenues (as hereinafter defined) and the Sales Tax Securitization Corporation Residual Certificate in consideration for the issuance by the Corporation for the benefit of the City of certain Corporation Obligations and the transfer to, or upon the order of, the City of the net proceeds of such Corporation Obligations for the purpose of financing the Pension Funding Plan; and

WHEREAS, the City has determined that the sale of the Dedicated Tax Revenues (as hereinafter defined) pursuant to this Ordinance pertains to the City’s government and affairs and is undertaken as an exercise of the City’s home rule powers and is a sale of its property for fair market value; and

WHEREAS, the City has determined that it is in the best financial interest of the City to cause the Corporation to issue its Corporation Obligations in the manner hereinafter described, in one or more series, in an aggregate principal amount not to exceed \$7,700,000,000, which would be secured by the Dedicated Tax Revenues; and

WHEREAS, the repayment of any Corporation Obligations will not be an obligation, general or special, of the City and will not be secured by the City’s full faith and credit; and

WHEREAS, no Excise Tax Bonds nor any Corporation Obligations shall be sold under the authority of this Ordinance unless and until the City Council of the City shall pass a subsequent ordinance authorizing any such issuance;

Now, Therefore, Be It Ordained by the City Council of the City of Chicago:

PART A – AUTHORIZATION

Section 1.1. Authorization. The City Council, after a public meeting heretofore held on this Ordinance by the Committee on Finance of the City Council (the "*Finance Committee*"), pursuant to proper notice and in accordance with the findings and recommendations of the Finance 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. This Ordinance is adopted pursuant to Section 6(a) of Article VII of the Constitution and the Act. This Ordinance authorizes the following:

- (i) Part B hereof authorizes the issuance, from time to time, of all or a portion of the Excise Tax Bonds, in one or more series, in such principal amounts and with such terms and provisions as set forth therein and in the Master Indenture therein approved, and the related Supplemental Indentures therein approved, and amends Chapter 3-80 of the Municipal Code;
- (ii) Part C hereof (a) authorizes the formation and organization of the Corporation and the appointment of its Board of Directors and the sale of the Dedicated Tax Revenues to the Corporation in connection with the issuance by the Corporation of certain Corporation Obligations with such terms and provisions as set forth therein, and (b) amends Sections 2-32-130, 2-56-050, and 2-165-020 of the Municipal Code; and
- (iii) Part D hereof provides for the enactment of this Ordinance.

PART B – EXCISE TAX BONDS AND AMENDMENT OF THE MUNICIPAL CODE

ARTICLE I.

FINDINGS, DETERMINATIONS AND APPROVAL OF DOCUMENTS

Section 1.1 **Findings and Determinations.** This City Council hereby finds and determines as follows:

- (a) that in the exercise of its home rule powers the City has imposed and is authorized to collect the Chicago Water and Sewer Tax;
- (b) that the Chicago Water and Sewer Tax is an excise tax that may be pledged as security for the payment of the Excise Tax Bonds authorized by this ordinance;
- (c) that the issuance of the Excise Tax Bonds to finance the City's funding obligations to the MEABF is in the best financial interest of the City;
- (d) that the City's ability to issue Excise Tax Bonds from time to time at various times, in various principal amounts and with various interest rates and interest rate mechanisms, maturities, redemption provisions and other terms will enhance the City's opportunities to obtain financing upon the most favorable terms available; and

(e) that the delegations of authority that are contained in this Ordinance are necessary and desirable because this City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, subject to Section 9.4 of Part D, authority is granted to the Mayor, the Chief Financial Officer or the City Comptroller (the “*Authorized Officer*” as referred to herein being either the Chief Financial Officer or the City Comptroller) to determine to sell one or more series of Excise Tax Bonds, at one or more times, as and to the extent the Mayor or the Authorized Officer determines that such sale or sales is desirable and in the best financial interest of the City.

Section 1.2 **Form of Master Indenture.** There has been presented to this City Council the form of the Master Trust Indenture Securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds (attached hereto as Exhibit A).

Section 1.3 **Form of Supplemental Indenture.** There has been presented to this City Council the form of the First Supplemental Indenture Securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds, Taxable Series 2019A (Pension Funding) (attached hereto as Exhibit B).

ARTICLE II.

DEFINITIONS

Section 2.1 **Definitions.** Except as provided in this Section, all defined terms contained in this Part B shall have the same meanings, respectively, as such defined terms are given in the Master Indenture (as hereinafter defined). As used in this Part B, unless the context shall otherwise require, the following words and terms shall have the following respective meanings:

“*Authorized Officer*” is defined in Section 1.1(e) of this Part B.

“*Excise Tax Bonds*” means the Excise Tax Bonds authorized by Section 3.1 of this Part B.

“*Excise Tax Receipts*” means all proceeds derived from the Chicago Water and Sewer Tax, including penalties and interest charges.

“*First Supplemental Indenture*” means the First Supplemental Indenture Securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds, Taxable Series 2019A (Pension Funding) from the City to the Trustee relating to the initial series of Excise Tax Bonds.

“*Master Indenture*” means the Master Trust Indenture Securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds, from the City to the Trustee, as the same from time to time may be amended or supplemented by Supplemental Indentures executed and delivered in accordance with the provisions thereof.

“*Supplemental Indenture*” means a supplemental indenture authorizing a series of Excise Tax Bonds, substantially in the form of the First Supplemental Indenture.

“Trustee” means a bank, trust company or national banking association selected by the Mayor or an Authorized Officer to act as trustee under the Master Indenture.

ARTICLE III.

AUTHORIZATION AND DETAILS OF EXCISE TAX BONDS

Section 3.1 Authorization of Excise Tax Bonds.

(a) The Excise Tax Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$2,300,000,000 as a Series of Bonds pursuant to the Master Indenture and one or more Supplemental Indentures and for the purposes specified in Section 3.2 of this Part B. The Excise Tax Bonds may be issued bearing interest at a fixed interest rate or rates as more fully set forth in the Master Indenture and the related Supplemental Indenture. Any Excise Tax Bonds may be issued as Current Interest Bonds, as Capital Appreciation Bonds or as Capital Appreciation and Income Bonds.

(b) The Excise Tax Bonds shall mature not later than January 1, 2059, and shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, until the City’s obligation with respect to the payment of the principal amount thereof shall be discharged, payable as provided in the related Supplemental Indenture at a rate or rates not in excess of 10% per annum. Each series of Excise Tax Bonds may be subject to mandatory and optional redemption (including mandatory redemption pursuant to the application of Sinking Fund Installments), upon the terms and conditions set forth in the Master Indenture and the related Supplemental Indenture. The redemption price may be based upon fixed percentage of the principal amount of Excise Tax Bonds to be redeemed (“*Fixed Percentage Redemption Price*”) or upon a formula designed to compensate the Owner of the Excise Tax 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 each series of the Excise Tax Bonds, an Authorized Officer shall determine the Fixed Percentage Redemption Price of such series of Excise Tax Bonds to be redeemed at a Fixed Percentage Redemption Price and the provisions of the formula to be used to establish any Make-Whole Redemption Price. 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.

(c) The Excise Tax Bonds shall be entitled “Water and Sewer Excise Tax Receipts Revenue Bonds.” The Excise Tax Bonds may be issued in one or more separate series, appropriately designated to indicate the order of their issuance.

(d) Each Excise Tax Bond shall be issued in fully registered form and in the denominations set forth in the related Supplemental Indenture; and shall be dated and numbered and further designated and identified as provided in the Master Indenture and the related Supplemental Indenture.

(e) Principal of and premium, if any, on the Excise Tax Bonds shall be payable at the principal corporate trust office of the Trustee or any Paying Agent as provided in the Master

Indenture and related Supplemental Indenture. Payment of interest on the Excise Tax Bonds shall be made to the registered owner thereof and shall be paid by check or draft of the Trustee mailed to the registered owner at his or her address as it appears on the registration books of the City kept by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner, or by wire transfer as further provided in the Master Indenture and related Supplemental Indenture.

(f) Subject to the limitations set forth in this Section, authority is hereby delegated to either the Mayor or the Authorized Officer to determine the aggregate principal amount of Excise Tax Bonds to be issued, the date thereof, the maturities thereof, any provisions for optional redemption thereof, the schedule of Sinking Fund Installments, if any, to be applied to the mandatory redemption thereof (which mandatory redemption shall be at a Redemption Price equal to the principal amount of each Excise Tax Bond to be redeemed, without premium, plus accrued interest), the rate or rates of interest payable thereon and the first interest payment date thereof. Any optional redemption shall be at Redemption Prices that may include a redemption premium for each Excise Tax Bond to be redeemed at a Fixed Percentage Redemption Price, not exceeding the greater of ten percent (10%) of the principal amount or ten percent (10%) of the amortized value as of the redemption date (or in the case of Capital Appreciation Bonds, the Accreted Amount as of the redemption date) of the Excise Tax Bond to be redeemed, or at a *Make-Whole* Redemption Price.

Section 3.2 Purposes. The Excise Tax Bonds are to be issued for the following purposes, as determined by the Authorized Officer at the time of the sale of the Excise Tax Bonds:

(a) the funding of a portion of the City's current and future funding obligations to the MEABF;

(b) the funding of deposits in and the deposit of moneys into the Debt Service Fund, including one or more Dedicated Sub-Funds and Accounts (including capitalized interest accounts and debt service reserve accounts for any series of Bonds) as may be provided for in the Master Indenture and the Supplemental Indenture relating to such series;

(c) the funding of deposits in and the deposit of moneys into the Debt Management Fund as may be provided for in the Master Indenture and the Supplemental Indenture relating to such series; and

(d) the payment of the costs of issuance of the Excise Tax Bonds.

The proceeds of each series of Excise Tax Bonds shall be applied for the purposes set forth above and may be invested in Eligible Investments, in the manner and in the amounts specified in a Certificate of an Authorized Officer delivered in connection with the issuance of such series pursuant to the Master Indenture and the related Supplemental Indenture.

Section 3.3 Pledge of Excise Tax Receipts. The Excise Tax Bonds, together with interest thereon, shall be limited obligations of the City secured by a pledge of the Excise Tax Receipts pledged under the Master Indenture and the related Supplemental Indenture, and shall be valid claims of the registered owners thereof only against the funds and assets and other

money held by the Trustee with respect thereto and against such Excise Tax Receipts. The Excise Tax Bonds and the obligation to pay interest thereon do not now and shall never constitute an indebtedness or a loan of credit of the City, or a charge against its general credit or general taxing powers, within the meaning of any constitutional or statutory limitation of the State of Illinois.

Section 3.4 Approval of Master Indenture; Selection of Trustee.

(a) The form of Master Indenture attached hereto as Exhibit A and presented to this meeting is hereby approved in all respects. The Mayor or the Authorized Officer is hereby authorized to execute and deliver a Master Indenture in substantially the form of the Master Indenture for and on behalf of the City, and, if required, the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof.

(b) The Master Indenture shall be substantially in the form presented at this meeting and may contain such changes or revisions as shall be approved by the Mayor or the Authorized Officer.

(c) The execution and delivery of the Master Indenture shall constitute conclusive evidence of this City Council's approval of the form of the Master Indenture as executed and delivered.

(d) The Mayor and each Authorized Officer are each authorized to select the Trustee.

Section 3.5 Approval of Supplemental Indentures.

(a) The form of First Supplemental Indenture attached hereto as Exhibit B and presented to this meeting is hereby approved in all respects. The Mayor or the Authorized Officer is hereby authorized, with respect to each series of Excise Tax Bonds, to execute and deliver a Supplemental Indenture in substantially the form of the First Supplemental Indenture for and on behalf of the City, and, if required, the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof.

(b) Each such Supplemental Indenture shall be substantially in the form of the First Supplemental Indenture, presented to this meeting and may contain such changes or revisions as shall be approved by the Mayor or the Authorized Officer.

(c) The execution and delivery of a Supplemental Indenture shall constitute conclusive evidence of this City Council's approval of the form of such Supplemental Indenture as executed and delivered.

Section 3.6 Credit Instruments. The Authorized Officer is hereby authorized to arrange for the provision of one or more Qualified Reserve Credit Instruments as security for all or a portion of the Excise Tax Bonds if the Authorized Officer determines that it would be in the best financial interest of the City.

Section 3.7 Sale of Excise Tax Bonds.

(a) Subject to the limitations contained in this Ordinance and subject to Section 9.4 of Part D, authority is hereby delegated to the Mayor or the Authorized Officer to sell the Excise Tax Bonds in one or more series from time to time to one or more underwriters selected by the Authorized Officer pursuant to one or more Contracts of Purchase with respect to the Excise Tax Bonds between the City and such underwriters; provided that the aggregate purchase price of each series of the Excise Tax Bonds shall not be less than 95% of the principal amount thereof to be issued (less any original issue discount which may be used in the marketing thereof) plus accrued interest thereon from their date to the date of delivery thereof and payment thereof.

(b) Subject to Section 9.4 of Part D, the Mayor or the Authorized 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 or more Contracts of Purchase relating to the Excise Tax Bonds in substantially the form of the Contracts of Purchase used in connection with the previous sales of sales tax revenue bonds by the City, together with such changes thereto and modifications thereof as shall be approved by the Mayor or the Authorized 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.

(c) To evidence the exercise of the authority delegated to the Mayor or the Authorized Officer by this Ordinance, the Mayor or the Authorized Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection with the sale of Excise Tax Bonds 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. Contemporaneously with the filing of such certificate, the Mayor or the Authorized Officer shall also file with the City Clerk one copy of each Official Statement and executed Contract of Purchase in connection with the Excise Tax Bonds. Each filing shall be made as soon as practicable subsequent to the execution of the Contract of Purchase. The City Clerk shall direct copies of such filings to the City Council.

(d) The Authorized Officer is hereby authorized to cause to be prepared the form or forms of Preliminary Official Statement describing the Excise Tax Bonds. Each Preliminary Official Statement (or applicable parts thereof) shall be in substantially the form of the Official Statements used in connection with previous sales of sales tax revenue bonds by the City, together with such changes thereto and modifications thereof as shall be approved by the Authorized Officer. The distribution of each Preliminary Official Statement to prospective purchasers and the use thereof by the underwriters in connection with the offering of the Excise Tax Bonds are hereby authorized and approved. The Mayor or the Authorized Officer is hereby authorized to permit the distribution of a final Official Statement, in substantially the form of each Preliminary Official Statement, with such changes, omissions, insertions and revisions thereto and completions thereof as the Mayor or the Authorized Officer shall deem advisable, and the Mayor or the Authorized Officer is authorized to execute and deliver each such final Official Statement to the underwriters in the name and on behalf of the City, the execution of such final official statement to constitute conclusive evidence of this City Council's approval of such changes and completions.

(e) If determined by the Authorized Officer to be in the best financial interest of the City, the Authorized Officer is authorized to procure one or more municipal bond insurance policies covering all or a portion of the Excise Tax Bonds.

(f) The Authorized Officer is hereby authorized to execute and deliver a Continuing Disclosure Undertaking (the "*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 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, the 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 the Continuing Disclosure Undertaking as executed. The Authorized Officer is hereby further authorized to amend the Continuing Disclosure Undertaking in accordance with its terms from time to time following its execution and delivery as said Authorized Officer shall deem necessary. Notwithstanding any other provision of this Ordinance, the sole remedies for any failure by the City to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Excise Tax Bond to seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 3.8 Execution and Delivery of Excise Tax Bonds. Pursuant to the Master Indenture, the Mayor and the Authorized Officer shall execute the Excise Tax Bonds on behalf of the City, by manual or facsimile signature, and the corporate seal of the City or a facsimile thereof shall be affixed, imprinted, engraved or otherwise reproduced on the Excise Tax Bonds and they shall be attested by the manual or facsimile signature of the City Clerk or Deputy City Clerk. In case any officer whose signature or a facsimile of whose signature shall appear on the Excise Tax Bonds shall cease to be such officer before the delivery of such Excise Tax Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery. The Excise Tax Bonds shall, upon such execution on behalf of the City, be delivered to the Trustee, for authentication and thereupon shall be authenticated by the Trustee, and shall be delivered pursuant to written order of the City authorizing and directing the delivery of the Excise Tax Bonds to or upon the order of the underwriters pursuant to the applicable Contract of Purchase.

Section 3.9 Debt Service Reserve Accounts. The Authorized Officer is hereby authorized to take any or all of the following actions with respect to debt service reserve accounts: (a) apply Excise Tax Bond proceeds to the funding of any debt service reserve account, and (b) deposit other moneys of the City to any debt service reserve account.

Section 3.10 Performance Provisions. The Mayor, the Authorized 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 under and pursuant to this Ordinance, the Master Indenture and any Supplemental Indenture, and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance, the Master Indenture and any Supplemental Indenture, including but not limited to, the exercise following the delivery date of any Excise Tax Bonds of

any power or authority delegated to such official of the City under this Ordinance with respect to the Excise Tax Bonds upon the initial issuance thereof, but subject to any limitations on or restrictions of such power or authority as herein set forth. The Mayor, the Authorized 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, the Master Indenture and any Supplemental Indenture or to evidence said authority.

Section 3.11 **Proxies.** The Mayor and the Authorized 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 Excise Tax Bond, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Authorized Officer pursuant to this Ordinance and the Master 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 Authorized Officer, respectively. A written signature of the Mayor or the Authorized 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 Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer, the same, in all respects, shall be as binding on the City as if signed by the Authorized Officer in person.

ARTICLE IV.

AMENDMENT OF MUNICIPAL CODE

Section 4.1 **Amendment.** Section 3-80-070 of the Municipal Code is amended by inserting the underscored language, as follows:

3-80-070 Deposit of funds.

All proceeds resulting from the imposition of the tax imposed by this chapter, including any interest or penalties related to the tax, shall be deposited in the City's Corporate Fund and shall be used to meet the City's funding obligations to the Municipal Employees' Annuity and Benefit Fund of Chicago; provided, however, that the City may issue bonds for the purpose of meeting all or a portion of the City's funding obligations to the Municipal Employees' Annuity and Benefit Fund of Chicago and, in that event, all of such proceeds resulting from the imposition of the tax shall be pledged as security for the payment of any such bonds (including refunding bonds) and, upon the issuance of such bonds, the proceeds that are pledged and thereafter collected by the City shall be subject to the lien of such pledge and shall be held and deposited in trust as security for the payment of any such bonds.

PART C – FORMATION AND ORGANIZATION OF CORPORATION, APPOINTMENT OF DIRECTORS, AUTHORIZATION OF TRANSACTION AND AMENDMENT OF MUNICIPAL CODE

ARTICLE V.

FORMATION AND ORGANIZATION OF CORPORATION AND APPOINTMENT OF DIRECTORS

Section 5.1 Organization and Qualification of the Corporation.

The Chief Financial Officer of the City (the "*Chief Financial Officer*"), the Budget Director of the City (the "*Budget Director*"), the Comptroller of the City (the "*Comptroller*") and the Corporation Counsel of the City (each, an "*Authorized Official*") are each authorized and directed to take such steps as may be necessary to establish the Corporation and to enable the Corporation to become duly organized and qualified as an Illinois not-for-profit corporation.

Section 5.2 Composition and Appointment of Board of Directors.

(a) The affairs of the Corporation shall be managed by a Board of Directors (the "*Board*"). The Board shall have the power and authority to do or perform all acts or functions not inconsistent with the Bylaws of the Corporation (the "*Bylaws*"), the Articles of Incorporation of the Corporation or this Ordinance.

(b) Except as described in the following sentence, the Board shall have five voting members, being: (i) *ex officio*, the Chief Financial Officer, (ii) *ex officio*, the Budget Director, (iii) *ex officio*, the Comptroller, (iv) the Chair (the "*Finance Chair*") of the Finance Committee or, in lieu of the Finance Chair, a member of the Finance Committee (the "*Finance Committee Designee*") designated by the Finance Chair and approved by the Mayor of the City (the "*Mayor*"), and (v) the Chair (the "*Budget Chair*") of the Committee on Budget and Government Operations of the City Council (the "*Budget Committee*") or, in lieu of the Budget Chair, a member of the Budget Committee (the "*Budget Committee Designee*") designated by the Budget Chair and approved by the Mayor. The size of the Board shall be increased to six voting members in the event that the Board determines to take an action that would constitute a Specified Vote (as hereinafter defined), in which case the sixth voting member of the Board (the "*Independent Director*") shall be a person independent of the City who has not been, in the preceding five years: (i) a direct or indirect legal or beneficial owner in the Corporation, the STSC or any of their respective Affiliates (as hereinafter defined); (ii) a creditor, supplier, employee, officer, family member, manager, or contractor of the Corporation, the STSC or any of their respective Affiliates; or (iii) a person who controls (whether directly, indirectly or otherwise) the Corporation, the STSC or any of their respective Affiliates. In the event that any of the positions of Chief Financial Officer or Budget Director are terminated or cease to exist for any reason, a replacement director (a "*Replacement Director*") shall be appointed by the Mayor with the approval of the City Council. As used herein, the term "*Affiliate*" means a person or entity that, directly or indirectly through one or more intermediaries, has a 10 percent or more voting or economic interest in the Corporation or the STSC, or controls, is controlled by or is under common control with the Corporation or the STSC.

(c) Any Independent Director shall be appointed by the Mayor with the approval of the City Council prior to the taking by the Board of any Specified Vote (as herein defined). Once appointed, the Independent Director shall serve for a three-year term and shall serve until his or her successor is duly qualified and appointed. Any person or entity serving as Independent Director may be re-appointed to such position for one or more terms. In the event that an Independent Director has been appointed and the position thereafter becomes vacant due to the resignation of the Independent Director or for some other cause, then, prior to the consideration by the Board of a Specified Vote, a new Independent Director shall be appointed and be subject to the provisions of this subsection (c) and subsection (b) of this Section. Any Independent Director so appointed need not be a resident of the City or the State of Illinois (the "State"). Any Independent Director who has any interest in any entity that is currently performing work for the Corporation, the STSC or for the City, or is being considered by the Corporation or the STSC to perform work for the Corporation, the STSC or for the City, to receive funds from the Corporation, the STSC or from the City, or to provide funds to or otherwise make an investment in the Corporation or the STSC shall recuse himself or herself from any vote of the Board regarding said entity. If said vote is a Specified Vote, the Specified Vote may not be held while such interest of the Independent Director persists. For the purposes of this paragraph, the term "interest" shall include any "financial interest" as defined in Chapter 2-156 of the Municipal Code, subject to the exceptions to such definition set forth in said definition.

(d) Any Replacement Director shall serve an initial term of three years and shall serve until such time as his or her successor is duly qualified and appointed. Any person serving as Replacement Director may be re-appointed to such position for one or more terms. Any individual who is a director because of his or her position as the Chief Financial Officer, the Budget Director, the Comptroller, the Finance Chair or the Budget Chair shall cease to be a director if such individual no longer holds such position, and any successor in any such position shall either (i) serve as a director; or (ii) in the case of the Finance Chair, appoint a Finance Committee Designee or, in the case of the Budget Chair, appoint a Budget Committee Designee, in either case to serve as director upon approval by the Mayor as described in subsection (b) to this Section 1.2. In the event that the Finance Committee Designee is no longer a member of the Finance Committee, such individual shall no longer be a director and another member of the Finance Committee (which may include the Finance Chair) shall be designated by the Finance Chair and approved by the Mayor as the new Finance Committee Designee. In the event that the Budget Committee Designee is no longer a member of the Budget Committee, such individual shall no longer be a director and another member of the Budget Committee (which may include the Budget Chair) shall be designated by the Budget Chair and approved by the Mayor as the new Budget Committee Designee.

(e) Any vote of the Board to (1) cause the Corporation to file, consent to the filing of, or join in any filing of a petition for bankruptcy or commence a proceeding to liquidate, wind up or otherwise cease operations (in taking such action, the Board shall consider the interests of the creditors of the Corporation in connection with all such actions); (2) dissolve, liquidate, consolidate, combine, merge or sell substantially all of its assets; (3) amend the Bylaws or any other organizational documents of the Corporation in a manner adverse to the interests of the holders of any Corporation Obligations then outstanding; or (4) take any other action which could be adverse to the interests of any holders of then-outstanding Corporation Obligations shall

be considered a "*Specified Vote.*" Any Specified Vote shall become effective only upon the affirmative vote of all members of the Board (including, for the avoidance of doubt, the Independent Director), and such Specified Vote may not be taken or become effective during any period in which the Independent Director is not presently seated.

(f) All members of the Board are strictly prohibited from making decisions or recommendations on behalf of the Corporation for personal gain.

(g) The members of the Board shall not be entitled to compensation for their services as members of the Board, but shall be entitled to reimbursement from funds of the Corporation for all necessary expenses incurred in connection with the performance of their duties as members of the Board.

(h) The Corporation shall hold meetings of the Board at least annually or as otherwise determined pursuant to the Bylaws, and the Corporation shall comply with the provisions of the Open Meetings Act of the State, as amended, with respect to the conduct of the meetings of the Board.

Section 5.3 Staffing and Personnel; Professional Services.

The Office of the Chief Financial Officer, the Department of Finance and the Office of Budget and Management are each authorized to provide such staff support to the Corporation established pursuant hereto as may be required to accomplish its purposes and mission. The Chief Financial Officer, the Budget Director and the Comptroller are each authorized to transfer, from legally available funds of the City, an amount not to exceed an aggregate of \$250,000 to the Corporation for professional services and otherwise to assist the Corporation in accomplishing its purposes. Each Authorized Official is hereby authorized to negotiate agreements with the Corporation that set forth the terms and conditions pursuant to which staff support and/or funding authorized by this Section would be provided to the Corporation.

Section 5.4 Powers and Limitations on Powers of the Corporation.

(a) The Corporation shall have all of the general powers set forth in the provisions of the General Not for Profit Corporation Act of 1986 of the State, as amended, together with the power to solicit and receive grants, contributions and bequests for any corporate purpose and the power to maintain a fund or funds of real or personal property for any corporate purposes; *provided, however,* that the Corporation shall not have the power to engage in any activities which are not in furtherance of its purposes as set forth in the preambles hereto. The Corporation shall have the right to exercise such other powers as now are, or may be, conferred by law upon a corporation organized for the purposes set forth in this Ordinance, or that are necessary or incidental to the powers so conferred, or conducive to the furtherance thereof.

(b) The Corporation is being organized as an instrumentality of the City and shall be operated for the governmental purposes described herein. No Corporation Obligation may be validly issued or entered into by the Corporation without the prior approval of the City Council.

(c) The Corporation shall not have any power to pledge the full faith and credit of the City nor shall any Corporation Obligation be an obligation, general or special, of the City. No property, revenues or taxes of the City shall be assigned, sold, transferred or otherwise conveyed by the City to the Corporation as authorized by Article III of Part C hereof if the assignment, sale, transfer or conveyance of such property, revenues or taxes would violate applicable federal or state law or City ordinance or an existing City contract.

(d) Any funds or assets of the Corporation shall be transferred to the City and become property of the City upon dissolution or termination of the Corporation.

(e) The Corporation shall require completion of disclosure statements that will be substantially similar to the economic disclosure statements required of third parties for transactions with the City. The Corporation shall make each such disclosure statements available online for public review.

(f) The Corporation shall be responsible for overseeing preparation and auditing of its financial statements, including full compliance with applicable generally accepted accounting principles.

(g) The Corporation shall provide public access to books, records, minutes and documents, in accordance with the Illinois Freedom of Information Act, 5 ILCS 140/1 *et seq.*, as now enacted or as hereafter amended ("*FOIA*").

(h) The Corporation shall cooperate with the City with respect to compliance with the requirements of FOIA concerning any public documents or records that are in the possession of the Corporation but are nonetheless subject to the City's obligation to provide public access under FOIA.

(i) Subsequent to the sale of any series of Corporation Obligations, an Authorized Official 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 Corporation Obligations sold, (ii) the interest rates on the Corporation Obligations sold, (iii) the identity of the insurer or insurers issuing the bond insurance policy or policies, if any, for such Corporation Obligations, (iv) the identity of the underwriters, placement agents or direct purchasers selected for such Corporation Obligations, (v) the identity of the applicable trustee, if any, selected for such Corporation Obligations, (vi) the compensation paid to the underwriters or placement agents in connection with such sale, (vii) the purpose(s) for which the Corporation Obligations were issued, and (viii) any other matter authorized by this Ordinance to be determined by an Authorized Official at the time of the sale of the Corporation Obligations of each series.

ARTICLE VI. DEFINITIONS

Section 6.1 Definitions. As used in this Part C, unless the context shall otherwise require, the following words and terms shall have the following respective meanings:

"*Dedicated Tax Revenues*" means, collectively the STSC Residual Revenues and the Income Tax Revenues.

“*Income Tax Revenues*” means, for any period of time, the State Income Tax Revenues and the Personal Property Replacement Tax Revenues.

“*Personal Property Replacement Tax Revenues*” means all amounts allocated and paid to the City from the Personal Property Tax Replacement Fund of the State pursuant to Section 12 of the State Revenue Sharing Act (30 ILCS 115/0.1 *et seq.*) of the State, as supplemented and amended, or from such successor or replacement fund or act as may be enacted in the future.

“*State Income Tax Revenues*” means all amounts allocated and paid to the City from the Local Government Distributive Fund of the State pursuant to Section 2 of the State Revenue Sharing Act (30 ILCS 115/0.1 *et seq.*) of the State, as supplemented and amended, or from such successor or replacement fund or act as may be enacted in the future.

“*STSC Residual Revenues*” means, all revenues payable to the owner of the Sales Tax Securitization Corporation Residual Certificate in accordance with the provisions of the Sales Tax Trust Indenture.

ARTICLE VII. AUTHORIZATION FOR TRANSACTION

Section 7.1 Authorization for Transaction.

(a) Pursuant to (i) the City’s powers as a home rule municipality, with respect to the Sales Tax Securitization Corporation Residual Certificate, and (ii) the authorization contained in the Act with respect to the Income Tax Revenues, each Authorized Official is each hereby authorized to execute and deliver one or more agreements (the “*Transaction Agreements*”) with the Corporation in such form as the Authorized Official so executing may deem appropriate under which the City shall assign, sell, transfer or convey, the Sales Tax Securitization Corporation Residual Certificate or some or all of the Income Tax Revenues, or both, to the Corporation in an amount and under such terms as are deemed necessary or advisable by the Authorized Official so executing in connection with the issuance by the Corporation from time to time of taxable Corporation Obligations, in one or more series, in an aggregate principal amount not to exceed \$7,700,000,000, having a final maturity not later than January 1, 2059, bearing interest at a rate or rates not exceeding 10 percent per annum, and sold at a price of not less than 85 percent of the aggregate principal amount thereof (the “*Dedicated Tax Revenues Obligations*”). The Transaction Agreements shall not authorize the issuance of additional Corporate Obligations except for the purpose of refunding Dedicated Tax Revenues Obligations in accordance with the requirements of the Transaction Agreements. On an annual basis, Dedicated Tax Revenues shall be used first to pay operating expenses of the Corporation for such year, not to exceed \$250,000 per year. In the agreement providing for the assignment, sale, transfer or conveyance of the Sales Tax Securitization Corporation Residual Certificate as authorized hereby, the City shall direct the Sales Tax Indenture Trustee to distribute the STSC Residual Revenues to the trustee for the Dedicated Tax Revenues Obligations. In connection with the assignment, sale, transfer or conveyance of some or all of the Income Tax Revenues as authorized hereby, each Authorized Official is hereby authorized to execute one or more irrevocable written directions to the State Entities to distribute the Income Tax Revenues in accordance with the instructions contained in such written direction.

(b) Pursuant to the Transaction Agreements, the Corporation shall transfer (i) upon the direction of the City to the Pension Funds, the net proceeds of the Dedicated Tax Revenues Obligations, and (ii) to the City the right to receive any portion of the Dedicated Tax Revenues remaining from time to time after satisfying the contractual provisions of the Dedicated Tax Revenues Obligations. The net proceeds of the Dedicated Tax Revenues Obligations shall be used by the City for the purpose of financing the Pension Funding Plan.

(c) The Mayor, each Authorized Official, the City Clerk and the Deputy City Clerk are each hereby authorized to execute and deliver such other documents and agreements and perform such other acts prior to or following the execution and delivery of the Transaction Agreements (including, without limitation, effecting amendments, modifications or supplements to any of the documents or agreements authorized hereunder or in connection with obligations heretofore issued by the STSC, each as may be deemed necessary or desirable by an Authorized Official in order to implement the transactions or other purposes authorized hereunder) as may be necessary or desirable in connection with the Transaction Agreements, and the transactions or other purposes authorized hereunder, including, but not limited to, the exercise following the delivery date of the Transaction Agreements of any power or authority delegated to such official under this Ordinance with respect to the Transaction Agreements upon original execution and delivery, but subject to any limitations on or restrictions of such power or authority as herein set forth. All of the acts of each such officer which are in conformity with the intent and purposes of this Ordinance, whether heretofore or hereafter taken or done, shall be and the same are in all respects ratified, confirmed, authorized and approved.

ARTICLE VIII. AMENDMENTS TO MUNICIPAL CODE

Amendment to Section 2-32-130 of the Municipal Code. Section 2-32-130 of the Municipal Code is hereby amended by inserting the language underscored, as follows:

“2-32-130 Reporting on bond transactions.

The chief financial officer or the comptroller shall report in writing to the committee on finance, by the first business day of each January, April, July and October, regarding bonds (as defined herein) as follows: (i) for bonds issued during the immediately preceding quarter, the report shall describe the principal amounts, interest rates, maturities, redemption terms and prices for such bonds and any other determinations made by the chief financial officer or the comptroller pursuant to authority granted by the ordinance authorizing such bonds; and (ii) for bonds for which an authorizing ordinance has been adopted by the city council but which have not yet been issued, the report shall describe the plans, if any, to issue such bonds during the next quarter. As used in this section, the term “bonds” shall mean (i) the following types of bonds issued or to be issued by the City: general obligation bonds, tax increment revenue bonds, special assessment revenue bonds, airport revenue bonds, sales tax revenue bonds, motor fuel tax revenue bonds, water revenue bonds and wastewater transmission revenue bonds; and (ii) any obligations issued or to be issued by a corporation, trust, or other entity established by the City pursuant to an ordinance adopted by the City Council on October 11, 2017 or on January 23, 2019 and in accordance with Division 13 of Article 8 of the Illinois Municipal Code, codified at 65 ILCS 5/8-13-5 *et seq.*, for the limited purpose of issuing obligations for the benefit of the City.”

Section 8.1 Amendment to Section 2-56-050 of the Municipal Code. Section 2-56-050 of the Municipal Code is hereby amended by inserting the language underscored, as follows:

“2-56-050 Conduct of city officers, employees and other entities.

(a) (1) The powers and duties of the inspector general shall extend to the conduct of the following: (1) all elected officers and appointed officers of the city government in the performance of their official duties; (2) all city employees in the performance of their official duties; (3) lobbyists engaged in the lobbying of elected or appointed city officers or employees; (4) all contractors and subcontractors in the providing of goods or services to the city, the city council, any city council committee or bureau or other service agency of the city council pursuant to a contract; (5) persons seeking contracts or certification of eligibility for contracts with the city, the city council, any city council committee or bureau or other service agency of the city council; (6) persons seeking certification of eligibility for participation in any city program; and (7) any corporation, trust, or other entity established by the City pursuant to an ordinance adopted by the City Council on October 11, 2017 or on January 23, 2019 and in accordance with Division 13 of Article 8 of the Illinois Municipal Code, codified at 65 ILCS 5/8-13-5 *et seq.*, for the limited purpose of issuing obligations for the benefit of the City. Nothing in this section shall preclude the inspector general from referring a complaint or information to the appropriate local, state or federal inspector general, the appropriate sister agency, or the appropriate federal, state or local law enforcement authorities.”

(Omitted text is unaffected by this ordinance)

Section 8.2 Amendment to Section 2-165-020 of the Municipal Code. The definition of “Debt Transaction” in Section 2-165-020 of the Municipal Code is hereby amended by inserting the language underscored, as follows:

“2-165-020 Definitions.

(omitted text is unaffected by this ordinance)

“Debt Transaction” means an issuance (i) by the City, acting in a non-conduit capacity, or by any corporation, trust, or other entity established by the City pursuant to an ordinance adopted by the City Council on October 11, 2017 or on January 23, 2019 and in accordance with Division 13 of Article 8 of the Illinois Municipal Code, codified at 65 ILCS 5/8-13-5 *et seq.*, for the limited purpose of issuing obligations for the benefit of the City; of (ii) any bond, note or other debt instrument, with a maturity of longer than 271 days, that does not bear interest at a fixed rate for its entire term. For purposes of this definition, “Debt Transaction” shall not include tax anticipation warrants or notes, or letters or lines of credit (and related notes).”

PART D - ENACTMENT

ARTICLE IX.

ENACTMENT

Section 9.1 **Prior Inconsistent Ordinances.** Subject to Section 9.4 of this Part D, if any provision of this Ordinance is in conflict with or inconsistent with any ordinances or resolutions or parts of ordinances or resolutions or the proceedings of the City in effect as of the date hereof the provisions of this Ordinance shall supersede any conflicting or inconsistent provision to the extent of such conflict or inconsistency. 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, or to impair the security for or payment of the instruments authorized by this Ordinance or to render any such instruments voidable at the option of the City; 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 9.2 **Construction.** 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. The documents, agreements and instruments authorized under this Ordinance shall not be deemed to be "city contracts" for the purposes of Section 11-4-1600(e) of the Municipal Code.

Section 9.3 **Additional Authorization.** The Mayor, the Authorized Officials 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 under and pursuant to this Ordinance and 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 or to evidence said authority.

Section 9.4 **Subsequent Ordinance Required for Sale.** Notwithstanding anything to the contrary contained in this Ordinance, no Excise Tax Bonds shall be sold pursuant to the authority granted hereunder, nor shall any Corporation Obligations be sold by the Corporation as described herein, nor shall the Mayor, any Authorized Officers or the City Clerk execute any documents required in connection with any such sale, unless and until the City Council of the City shall have adopted a subsequent ordinance authorizing sale of such Excise Tax Bonds or Corporation Obligations.

Section 9.5 **Pamphlet Publication.** 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 9.6 **Title.** This Ordinance may hereafter be cited as the “2019 Fund Stabilization Bonds Ordinance.”

Section 9.7 **Effective Date.** This Ordinance shall be in full force and effect upon its passage, approval and publication as provided herein.

Section 9.8 **Sunset Date.** This Ordinance shall be repealed as of December 31, 2019, unless prior to such date, a substitute ordinance as described in Section 9.4 of this Part D has been adopted by the City Council.

EXHIBIT A – FORM OF MASTER INDENTURE

EXHIBIT B – FORM OF SUPPLEMENTAL INDENTURE

EXHIBIT A

MASTER TRUST INDENTURE

between

CITY OF CHICAGO

and

as Trustee

Dated as of _____ 1, 2019

SECURING CITY OF CHICAGO
WATER AND SEWER EXCISE TAX RECEIPTS REVENUE BONDS

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THIS MASTER TRUST INDENTURE dated as of _____ 1, 2019 (the “*Indenture*”), by and between the City of Chicago, a municipal corporation and a home rule unit of local government duly organized and existing under the laws of the State of Illinois (the “*City*”), and _____, a _____ duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the _____, as trustee (the “*Trustee*”).

W I T N E S S E T H:

WHEREAS, the City is a home rule unit of local government and, in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, may exercise any power and perform any function pertaining to its government and affairs including the power to tax and the power to incur debt; and

WHEREAS, the City had enacted the “Chicago Water and Sewer Tax Ordinance” (codified as Chapter 3-80 of the Municipal Code of Chicago) and pursuant thereto has imposed the “Chicago Water and Sewer Tax”; and

WHEREAS, as an exercise of its home rule powers the City may pledge as security for the payment of its bonds (i) the proceeds derived from the imposition of the Chicago Water and Sewer Tax (the “*Tax Receipts*”) and (ii) moneys deposited or to be deposited into any special fund of the City and may bind itself to impose the Chicago Water and Sewer Tax to the fullest extent permitted by applicable law; and

WHEREAS, on _____, 2019, the City Council of the City adopted the 2019 Fund Stabilization Bonds Ordinance (the “*Bond Ordinance*”) authorizing the City to enter into this Indenture and to issue the Initial Bonds (as herein defined); and

WHEREAS, the City has appointed _____ to act as Trustee under the Indenture and _____ has accepted its appointment as Trustee and does hereby acknowledge and accept the powers, duties and obligations of the Trustee under this Indenture and related Supplemental Indentures; and

WHEREAS, the Bonds (as defined herein) are and will be limited obligations of the City payable from the Tax Receipts and the moneys, securities and funds held under or pursuant to this Indenture; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal limited obligations of the City according to the import thereof, and to constitute this Indenture a valid pledge of and grant of a lien on and security interest in the following Trust Estate for the purpose of securing the payment of the principal of, premium, if any, and interest on the Bonds have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

GRANTING CLAUSES

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

That in order to secure the payment of the principal of, premium, if any, and interest on all Bonds issued and to be issued hereunder, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Bonds contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the respective Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, the City does hereby pledge and grant a lien upon and security interest in the following Trust Estate to the Trustee and its successors in trust and assigns, to the extent provided in this Indenture:

- (a) The Tax Receipts;
- (b) All moneys and securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established and maintained pursuant to this Indenture; and
- (c) Any and all other moneys and securities furnished from time to time to the Trustee by the City or on behalf of the City or by any other persons to be held by the Trustee under the terms of this Indenture.

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the Bonds secured by this Indenture, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Bond over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or dates of maturity thereof, or for any other reason whatsoever (except as expressly provided in this Indenture), so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery hereof (all except as expressly provided in this Indenture, as aforesaid).

PROVIDED, HOWEVER, that these presents are upon the condition that, if the City, or its successors, shall well and truly pay or cause to be paid, or provide for the payment of all principal of, premium, if any, and interest on the Bonds due or to become

due thereon, at the times and in the manner stipulated therein and herein, then this Indenture and the rights hereby granted shall cease, terminate and be void, but shall otherwise be and remain in full force.

AND IT IS HEREBY COVENANTED AND AGREED by and among the City, the Trustee, the Owners from time to time of the Bonds, that the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

ARTICLE I

Definitions and Construction

Section 101. Definitions. The following terms shall, for all purposes of this Indenture, have the following meanings unless a different meaning clearly appears from the context:

“*Accounts*” means the special accounts created and established pursuant to Article IV or any Supplemental Indenture.

“*Accreted Amount*” means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Accreted Amount for such preceding date and the Accreted Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

“*Administrative Expenses*” means all costs related to the administration of the Trust Estate and any item of expense relating to the Bonds payable or reimbursable by the City and relating to the fees and charges of any Fiduciary or Depository.

“*Annual Debt Service Requirement*” means, with respect to any Bond Year, the aggregate of the Interest Requirement and the Principal Requirement for such Bond Year.

“*Authorized Officer*” means the Chief Financial Officer or any other officer or employee of the City authorized to perform specific acts or duties hereunder by ordinance or resolution duly adopted by the City Council.

“*Average Annual Debt Service Requirement*” means, as of any time of computation, the mathematical mean of the sum of all the Annual Debt Service Requirements for all Outstanding Bonds.

“*Bond*” or “*Bonds*” means any bond or bonds, including any Initial Bond and any Refunding Bond, authenticated and delivered under and pursuant to this Indenture.

“*Bond Insurance Policy*” means any municipal bond insurance policy insuring and guaranteeing the payment of the principal of and interest on a Series of Bonds or certain maturities thereof as may be provided in the Supplemental Indenture authorizing such Series or as otherwise may be designated by the City.

“*Bond Insurer*” means any Person authorized under law to issue a Bond Insurance Policy.

“*Bond Ordinance*” means the 2019 Fund Stabilization Bonds Ordinance adopted by the City Council on _____, 2019.

“*Bond Year*” means the 12-month period commencing on January 2 of a year and ending on January 1 of the next succeeding year.

“*Business Day*” means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized or required by law or executive order to close (and such Fiduciary is in fact closed).

“*Capital Appreciation and Income Bond*” means any Bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation and Income Bond.

“*Capital Appreciation Bond*” means any Bond the interest on which (i) shall be compounded periodically on certain designated dates, (ii) shall be payable only at maturity or redemption prior to maturity and (iii) shall be determined by subtracting from the Accreted Amount the initial public offering price thereof, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. The term “*Capital Appreciation Bond*” as used throughout this Indenture also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

“*Certificate*” means an instrument of the City in writing signed by an Authorized Officer.

“*Chief Financial Officer*” means the Chief Financial Officer of the City appointed by the Mayor of the City or, if there is no such officer then holding said office, the City Comptroller.

“*City*” means the City of Chicago, a municipal corporation and a home rule unit of government of the State.

“*City Council*” means the governing body of the City as from time to time constituted.

“*Code*” or “*Code and Regulations*” means the Internal Revenue Code of 1986, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

“*Counsel’s Opinion*” means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to the City (including the Corporation Counsel of the City).

“*Current Funds*” means moneys which are immediately available in the hands of the payee at the place of payment.

“*Current Interest Bond*” means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Bond. The term “Current Interest Bond” as used throughout this Indenture also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

“*Debt Management Fund*” means the Debt Management Fund established in Section 402.

“*Debt Service Coverage Ratio*” means for any Fiscal Year, the ratio determined by dividing the Tax Receipts collected by the City in that Fiscal Year by the Annual Debt Service Requirement for the Bond Year commencing during such Fiscal Year.

“*Debt Service Fund*” means the Debt Service Fund established in Section 402.

“*Debt Service Reserve Account*” means any reserve account within the Debt Service Fund established pursuant to Section 407.

“*Default Day*” means any day that an Event of Default has happened and has not been remedied to the satisfaction of the Trustee as evidenced in writing.

“*Defeasance Obligations*” means Government Obligations that are not subject to redemption or prepayment other than at the option of the holder thereof.

“*Depository*” means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least \$10,000,000, selected by an Authorized Officer as a depository of moneys and securities held under the provisions of this Indenture, and may include the Trustee.

“*Eligible Investments*” means Investment Securities and investments permitted under the Illinois Pension Code.

“*Event of Default*” means any event so designated and specified in Section 701.

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Registrar, the Paying Agents and any Depository, or any or all of them, as may be appropriate.

“*Fiscal Year*” means the period January 1 through December 31 of the same year.

“*Fitch*” means Fitch Ratings, Inc.

“*Funds*” means the special funds created and established pursuant to Article IV or any Supplemental Indenture.

“*Government Obligations*” means any direct obligations of the United States of America and any obligations guaranteed as to the timely payment of principal and interest by the United States of America or any agency or instrumentality of the United States of America, when such obligations are backed by the full faith and credit of the United States of America.

“*Indenture*” means this Trust Indenture, dated as of _____ 1, 2019, by and between the City and the Trustee, as from time to time amended and supplemented.

“*Initial Bonds*” means any of the Bonds authorized to be issued by Part B of the Bond Ordinance.

“*Insured Bond*” means any Bond with respect to which the payment of principal and interest is guaranteed under a Bond Insurance Policy.

“*Interest Commencement Date*” means, with respect to any Capital Appreciation and Income Bond, the date specified in the Supplemental Indenture authorizing the issuance of such Bond (which date must be prior to the maturity date for such Capital Appreciation and Income Bond) after which interest accruing on such Capital Appreciation and Income Bond shall be payable periodically, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

“*Interest Payment Date*” means any Payment Date on which interest on any Bond is payable.

“*Interest Period*” means the period from the date of any Bond to and including the day immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

“*Interest Requirement*” for any Bond Year or any Interest Period, as the context may require, as applied to Bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Bonds during such Bond Year or Interest Period if the interest on the Bonds were deemed to accrue daily during such Bond Year or Interest Period in equal amounts; *provided, however*, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from (a) the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, (b) authorized transfers from the Debt Management Fund, (c) other available moneys or (d) investment (but not reinvestment) earnings thereon if such proceeds shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

“*Investment Securities*” means any of the following securities or investments authorized by law as permitted investments of City funds at the time of purchase thereof:

(i) Government Obligations;

(ii) Obligations of any of the following federal agencies, which obligations are fully guaranteed by the full faith and credit of the United States of America:

- Export Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration;

(iii) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- obligations of the Resolution Funding Corporation (REFCORP)
- obligations of the Tennessee Valley Authority (TVA)
- senior debt obligations of the Federal Home Loan Bank System

(iv) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of no less than "A-1" by Fitch, or "A-1" or "A-1+" by S&P and maturing no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(v) Commercial paper which is rated at the time of purchase no less than "A-1" by Fitch, or "A 1" or "A-1+" by S&P and which matures not more than 180 days after the date of purchase;

(vi) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(vii) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of the District of Columbia or 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; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Fitch or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(viii) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A" or higher by both Fitch and S&P;

(ix) Any repurchase agreements collateralized by securities described in clauses (i), (ii) or (iii) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank or parent holding company providing a guaranty has an uninsured, unsecured and unguaranteed obligation rated (an "*unsecured rating*") or A- or better by Fitch or S&P provided (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than \$25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 Code of Federal Regulations 306.1 *et seq.* or 31 Code of Federal Regulations 350.0 *et seq.* in such securities is created for the benefit of the Trustee; (4) the repurchase agreement has a term of one year or less, or the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two business days of such valuation; (5) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a Payment Date; and (6) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100 percent; or

(x) Investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest rating categories by each of the Rating Services.

"Maximum Annual Debt Service Requirement" means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and any succeeding Bond Year.

"Outstanding," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Indenture, except:

(i) Any Bonds canceled by the Trustee at or prior to such date or theretofore delivered to the Trustee or the City, as the case may be, for cancellation;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity

or date fixed for redemption, are held in trust under this Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Indenture authorizing the issuance of such Series or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 1006; and

(iv) Bonds deemed to have been paid as provided in Section 1101(B).

“*Owner*” means any person who shall be the registered owner of any Bond or Bonds.

“*Paying Agent*” means any bank, national banking association or trust company designated by resolution of the City Council or by an Authorized Officer as paying agent for the Bonds of any Series, and any successor or successors appointed by an Authorized Officer under this Indenture.

“*Payment Date*” shall mean any date on which the principal of (including any Sinking Fund Installment) or interest on any Series of Bonds is payable in accordance with its terms and the terms of this Indenture and the Supplemental Indenture creating such Series.

“*Pension Fund*” means the Municipal Employees’ Annuity and Benefit Fund of Chicago including any successor fund.

“*Person*” means and includes an association, unincorporated organization, a corporation, a partnership, a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

“*Principal*” or “*principal*” means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in this Indenture in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case “*principal*” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, “*principal amount*” means the

Accreted Amount or (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

“*Principal Payment Date*” means any Payment Date upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment.

“*Principal Requirement*” for any Bond Year, as applied to the Bonds of any Series, means, the last day of the Bond Year (the “Applicable Principal Payment Date”) an amount calculated beginning

(i) on the preceding Principal Payment Date, if any, that occurs one year or less before each Applicable Principal Payment Date, or

(ii) one year prior to each Applicable Principal Payment Date if there is no prior Principal Payment Date or if the preceding Principal Payment Date is more than one year prior to the Applicable Principal Payment Date;

which amount shall equal the sums that would be deemed to accrue on such Bonds during such Bond Year of

(i) the principal of the Current Interest Bonds of such Series scheduled to mature or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date, and

(ii) the Accreted Amount of the Capital Appreciation Bonds of such Series, scheduled to become due or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date,

were each deemed to accrue daily during such Bond Year in equal amounts to but not including the Applicable Principal Payment Date; *provided, however*, that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount is to be paid from (a) the proceeds of Bonds allocable to the payment of such principal as provided in the Supplemental Indenture authorizing the issuance of such Bonds, (b) authorized transfers from the Debt Management Fund, (c) other available moneys or (d) the investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

“*Pro Rata Share*” means with respect to a Series of Bonds and on a Business Day, the amount held in the Tax Receipts Fund on that Business Day for distribution pursuant to Clause First of Section 403(B) multiplied by a fraction the numerator of which is the Series Debt Service for that Series for the then current Bond Year and the denominator of

which is the aggregate Series Debt Service for all Series of Outstanding Bonds for the then current Bond Year.

“*Qualified Reserve Credit Instrument*” means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated “AA” or better by S&P or “AA” or better by Fitch as of the date of issuance thereof.

“*Rating Services*” means each and every one of the nationally recognized rating services that shall have assigned ratings to any Bonds Outstanding as requested by the City, and which ratings are then currently in effect.

“*Record Date*” means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each interest payment date (including any redemption date) or such other day as may be determined in the applicable Supplemental Indenture.

“*Redemption Price*” means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption or such other redemption price as shall be specified for such Bond in a Supplemental Indenture.

“*Refunding Bonds*” means Bonds issued pursuant to Section 204.

“*Registrar*” means any bank, national banking association or trust company appointed by an Authorized Officer under this Indenture and designated as registrar for the Bonds of any Series, and its successor or successors.

“*S&P*” means S&P Global Ratings.

“*Serial Bonds*” means the Bonds of a Series which shall be stated to mature in annual installments.

“*Series*” means all of the Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 1006 or the provisions of a Supplemental Indenture.

“*Series Debt Service*” means, for a Bond Year and with respect to a Series of Bonds, the Annual Debt Service Requirement for that Series.

“*Series Sub-Fund*” means a dedicated Sub-Fund created pursuant to a Supplemental Indenture authorizing a Series of Bonds.

“*Sinking Fund Installment*” means, as of any particular date of determination and with respect to the Outstanding Bonds of any Series, the amount required by the Supplemental Indenture creating such Series to be paid in any event by the City on a

single future date for the retirement of such Bonds which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Bond.

“*State*” means the State of Illinois.

“*Sub-Account*” means any account so designated by the City pursuant to Section 402.

“*Sub-Fund*” means any fund so designated by the City pursuant to Section 402.

“*Supplemental Indenture*” means any Supplemental Indenture authorized pursuant to Article IX.

“*Tax Receipts*” means all proceeds derived from the Water and Sewer Tax and received by the City from and after the date of original issuance of the Initial Bonds, including penalties and interest charges.

“*Tax Receipts Fund*” means the special fund of the City established by Section 402.

“*Term Bonds*” means the Bonds of a Series other than Serial Bonds which shall be stated to mature on one or more dates through the payment of Sinking Fund Installments.

“*Trustee*” means _____, Chicago, Illinois, and any successor or successors appointed under this Indenture as hereinafter provided.

“*Trust Estate*” means the security for the payment of Bonds established by the pledges and liens effected by this Indenture and all other property pledged to the Trustee pursuant to this Indenture.

“*Water and Sewer Tax*” means the excise tax imposed by the City upon (i) the use or consumption in the City of water that is purchased from the Chicago Department of Water Management and (ii) the transfer of wastewater to the City sewer system from property located in the City pursuant to the Chicago Water and Sewer Tax Ordinance, codified as Chapter 3-80 of the Municipal Code of Chicago, as the same may be amended and supplemented from time to time, or any substitute or successor tax or taxes as provided by law (including any successor tax or taxes imposed by an ordinance of the City).

Section 102. Interpretations. As used herein, and unless the context shall otherwise indicate, the words “Bond,” “Owner” and “Person” shall include the plural as well as the singular number.

As used herein, the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this Indenture as originally executed.

Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Indenture, nor do they affect its meaning, construction or effect.

ARTICLE II

Authorization and Issuance of Bonds

Section 201. Authorization of Bonds. (A) The City shall not issue any Bonds while this Indenture is in effect except in accordance with the provisions of this Article II. All Bonds issued under this Indenture shall be designated “Water and Sewer Excise Tax Receipts Revenue Bonds” or, in the case of Refunding Bonds issued pursuant to Section 204, “Water and Sewer Excise Tax Receipts Revenue Refunding Bonds” and shall include such further appropriate designations as the City may determine.

(B) Bonds may be issued in one or more Series and each Bond shall bear upon its face the designation determined for its Series. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in the Supplemental Indenture authorizing such Series.

(C) Bonds of the same Series and maturity shall be of like tenor except as to interest rate, denomination and form. After the original issuance of Bonds of a Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 1006 or as permitted by Supplemental Indenture.

(D) Bonds may be issued as Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Current Interest Bonds, Serial Bonds or Term Bonds or any combination thereof, all as provided in the Supplemental Indenture providing for the issuance thereof.

Section 202. General Provisions for Issuance of Bonds. Each Series of Bonds shall be executed by the City and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

(1) A Counsel's Opinion regarding the validity and enforceability of such Series.

(2) A written order as to the delivery of such Series signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Series.

(3) In the case of Initial Bonds, an executed copy of this Indenture and a copy of the Bond Ordinance, certified by the City Clerk or the Deputy City Clerk.

(4) In the case of each Series of Refunding Bonds, a copy of the ordinance authorizing such Series, certified by the City Clerk or Deputy City Clerk.

(5) An executed copy of the Supplemental Indenture authorizing such Series, which shall specify:

(a) The authorized principal amount, designation and Series of such Bonds.

(b) The purposes for which such Series of Bonds is being issued.

(c) The date, and the maturity date or dates, of the Bonds of such Series.

(d) The interest rate or rates of the Bonds of such Series, or the manner of determining such interest rate or rates, and the Interest Payment Dates and Record Dates therefor.

(e) The denominations and the manner of dating, numbering and lettering of the Bonds of such Series.

(f) The Registrar and the Paying Agent or Paying Agents for the Bonds of such Series.

(g) The Redemption Price or Prices, if any, or the method for determining Redemption Prices and any redemption dates and terms for the Bonds of such Series.

(h) The amount and date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments shall equal the aggregate principal amount of all such Bonds less the principal amount scheduled to be retired at maturity.

(6) In the case of each Series of Refunding Bonds, a Certificate stating that no Event of Default will exist as of the time immediately following the issuance of such Series.

(7) Such further documents, moneys and securities as are required by the provisions of this Indenture or any Supplemental Indenture.

Section 203. Initial Bonds. One or more Series of Bonds authorized to be issued pursuant to the Bond Ordinance and entitled to the benefit, protection and security of this Indenture and constituting a Series of Initial Bonds may be authorized and delivered upon original issuance. Any such Series shall be issued for one or more of the purposes set forth in Section 3.2 of Part B of the Bond Ordinance and shall be authenticated and delivered by the Trustee only upon receipt by it of the documents required by Section 202 with respect to Initial Bonds.

Section 204. Refunding Bonds. One or more Series of Bonds entitled to the benefit, protection and security of this Indenture and constituting a Series of Refunding Bonds may be authorized, authenticated and delivered upon original issuance to refund or advance refund any or all Outstanding Bonds of one or more Series, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any Fund, Sub-Fund, Account or Sub-Account under this Indenture or any Supplemental Indenture. Refunding Bonds of a Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents required by Section 202 with respect to Refunding Bonds) of: (a) a Certificate evidencing that the aggregate amount of all Tax Receipts received by the City for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series was at least equal to 140% of the Maximum Annual Debt Service Requirement as of the time immediately following the issuance of such Series, or (b) a Certificate evidencing that for the then current and each future Bond Year, the Annual Debt Service Requirement for each such Bond Year as of the time immediately following the issuance of such Series does not exceed the Annual Debt Service Requirement for the corresponding Bond Year as of the time immediately prior to the issuance of such Series, or (c) a Certificate evidencing that (i) the Maximum Annual Debt Service Requirement as of the time immediately following the issuance of such Series is not greater than the Maximum Annual Debt Service Requirement as of the time immediately prior to the issuance of such Series and (ii) the Average Annual Debt Service Requirement as of the time immediately following the issuance of such Series is not greater than the Average Annual Debt Service Requirement as of the time immediately prior to the issuance of such Series.

ARTICLE III

General Terms and Provisions of Bonds

Section 301. Medium of Payment; Form and Date; Letters and Numbers.

The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Any Bonds of a Series shall be issued only in the form of fully registered Bonds without coupons or, pursuant to the provisions of a Supplemental Indenture, in any other form permitted by law at the time of original issuance, including, but not limited to, Bonds which are transferable through a book-entry system. Each Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond. Bonds shall be dated as provided in this Indenture or the Supplemental Indenture authorizing the Bonds of such Series.

Section 302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, law, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the City or the Trustee prior to the authentication and delivery thereof.

Section 303. Execution and Authentication. (A) The Bonds shall be executed in the name of the City by the manual or facsimile signatures of its Mayor, Chief Financial Officer and City Clerk and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond may be signed and sealed on behalf of the City by such persons who at the time of the execution of such Bond shall hold the proper office in the City, although at the date of such Bond such persons may not have been so authorized or have held such office.

(B) The Bonds shall bear a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear such certificate of authentication shall be entitled to any right or benefit under this Indenture, and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any such Bond executed on behalf of the City shall be conclusive evidence that the Bond so authenticated has been duly

authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

Section 304. Exchangeability of Bonds. Subject to the provisions of Section 306, any Bond, upon surrender at the corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of the Owner and upon payment of any charges which the Trustee may make as provided in Section 306, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same Series, maturity, and interest rate and tenor of any other Authorized Denominations.

Section 305. Negotiability, Transfer and Registration. (A) Each Bond shall be transferable only upon the registration books of the City, which shall be kept for that purpose by the Registrar, by the Owner in person or by its attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds in Authorized Denominations of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Bond.

(B) The City and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the registration books of the City as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor any Fiduciary shall be affected by any notice to the contrary.

Section 306. Provisions with Respect to Exchanges and Transfers. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges shall forthwith be canceled by the Trustee. For any exchange or transfer of Bonds, the City, the Trustee or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid. The Registrar and the Trustee shall not be required to make any registration, transfer or exchange of any Bond during the period after such Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving notice of such redemption.

Section 307. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity,

interest rate and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee or Registrar evidence satisfactory to the City and the Trustee or Registrar that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the City and the Trustee or Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the City, the Trustee or Registrar may prescribe and paying such expenses as the City and Trustee and Registrar may incur. All Bonds so surrendered to the Trustee or Registrar shall be canceled by the Trustee in accordance with Section 1105. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the City, whether or not the Bonds so alleged to be destroyed, stolen or lost shall be found at any time or be enforceable by anyone, shall be entitled to equal and proportionate benefits with all other Bonds of the same Series issued under this Indenture and shall be equally secured by the moneys or securities held by the City or any Fiduciary for the benefit of the Owners.

ARTICLE IV

Tax Receipts and Funds

Section 401. Pledge Effected by This Indenture. (A) There are hereby pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds, in accordance with their terms and the provisions of this Indenture, and a lien and security interest is hereby granted for such purpose, subject only to the provisions of this Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in this Indenture, on (i) all Tax Receipts, (ii) all moneys, securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established under this Indenture or any Supplemental Indenture, subject however to the right of the City to make periodic withdrawals from the Tax Receipts Fund as permitted by Section 403, from the Debt Service Fund as permitted by Section 405, and from the Debt Management Fund as permitted by Section 406, and (iii) any and all other moneys and securities furnished from time to time to the Trustee by the City or by any other persons to be held by the Trustee under the terms of this Indenture.

(B) Pursuant to Section 13 of the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350/13, the pledge of the Tax Receipts deposited or to be deposited into the Tax Receipts Fund is valid and binding from the time such pledge is made and the Tax Receipts Fund, the Debt Service Fund, the Debt Management Fund and the other moneys and funds hereby pledged shall immediately be subject to the lien and pledge hereof without any physical delivery or further act, and the lien and pledge hereof 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 hereof.

(C) The Bonds are limited obligations of the City payable solely from the Trust Estate. The Bonds do not represent a debt of the City within the meaning of any Constitutional or statutory limitation. Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds.

Section 402. Establishment of Funds and Accounts. The City hereby establishes the Tax Receipts Fund as a special fund of the City held in trust by the Trustee as part of the Trust Estate. The City hereby establishes the Debt Service Fund as a special fund of the City held in trust by the Trustee as part of the Trust Estate. The City hereby establishes the Debt Management Fund as a special fund of the City held in trust by the Trustee as part of the Trust Estate. Subject to use and application in accordance with this Indenture, all of the moneys and securities held in the Tax Receipts Fund, the Debt Service Fund and the Debt Management Fund are pledged as security for the payment of the principal of, redemption premium, if any, and interest on, the Bonds to the extent provided in the Indenture and shall be subject to the lien of the Indenture.

The Trustee shall, at the written request of the City, establish such additional Funds, Sub-Funds within Funds, and Accounts and Sub-Accounts within any such Sub-Funds, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Debt Service Fund or such Sub-Funds, Accounts and Sub-Accounts and in addition, the City shall, at the written request of the Trustee, establish additional Funds or Accounts for the purpose of segregating amounts available to pay the principal of, premium, if any, and interest on separate Series of Bonds.

Additional Funds, Sub-Funds within the Funds and Accounts and Sub-Accounts within such Sub-Funds may also be created by any Supplemental Indenture; and any such Supplemental Indenture may provide that amounts on deposit in such Sub-Funds, Accounts and Sub-Accounts shall be held by the Trustee for the sole and exclusive benefit of such Bonds as may be specifically designated in such Supplemental Indenture. Any moneys and securities held in any Fund or any Sub-Fund, Account or Sub-Account created pursuant to this Section shall be held in trust by the Trustee, as provided in this Indenture or such Supplemental Indenture, and shall be applied, used and withdrawn only for the purposes authorized in this Indenture or such Supplemental Indenture.

All Tax Receipts held by the City pending deposit into the Tax Receipts Fund shall be accounted for and held separate and apart from all other moneys and securities of the City, and, until so deposited, shall be held in trust by the City for the purposes for which the Tax Receipts Fund was established.

Section 403. Deposit of Tax Receipts and Allocation of Tax Receipts Fund.
(A) All Tax Receipts received by the City shall be deposited promptly into the Tax Receipts Fund. The deposit shall be prompt if made no later than the fifth Business Day next following the receipt by the City of the Tax Receipts.

(B) On each Business Day the Trustee shall allocate the moneys in the Tax Receipts Fund in the following order of priority and if the moneys deposited into the Tax Receipts Fund are insufficient to make any required deposit, the deposit shall be made up on the next Business Day after required deposits having a higher priority shall have been made in full:

First: to each applicable Series Sub-Fund in the Debt Service Fund, the Pro Rata Share for that Series until there is held in each such Series Sub-Fund (i) an amount sufficient for the payment of the unpaid Series Debt Service for that Series payable on each Payment Date on or prior to January 1 of the then current Bond Year and (ii) an amount equal to the Interest Requirement for that Series for the current Bond Year when the next Interest Payment Date for that Series will occur in a later Bond Year.

Second: to the Debt Service Fund, to fund any payments and other deposits required under the terms of this Indenture or any Supplemental Indenture.

Third: to the Debt Management Fund, at the direction of the City expressed in a Certificate filed with the Trustee, the amount specified in such Certificate for deposit into the Debt Management Fund.

Fourth: any remaining balance, to the Pension Fund in such amount or amounts as from time to time shall be specified in a Certificate filed with the Trustee.

Section 404. Disbursements from Debt Service Fund. The moneys in the Debt Service Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

(1) Sub-Fund Deposits. On any date required by the provisions of a Supplemental Indenture creating a Series of Bonds, the Trustee shall segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts, and Sub-Accounts therein as may have been created for the benefit of such Series such amounts as may be required to be so credited under the provisions of such Supplemental Indenture to pay the Series Debt Service of such Series.

(2) Other Required Deposits. On any date required by the provisions of a Supplemental Indenture for any other purpose, the Trustee shall segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts and Sub-Accounts therein as are specified in such Supplemental Indenture the amounts required so to be withdrawn and deposited by the provisions of such Supplemental Indenture or such instrument. With respect to each Series, the City shall file with the Trustee (and revise from time to time as required) a Certificate detailing the timing and amount of the required deposits pursuant to this paragraph and the proper

disbursement of moneys held in Sub-Funds, Accounts and Sub-Accounts of the Debt Service Fund.

Section 405. Use of Moneys in Debt Service Fund. (A) Moneys on deposit in the Debt Service Fund and which have been credited to such Sub-Funds, Accounts and Sub-Accounts therein as may have been created for the benefit of a Series of Bonds, shall be used for the purposes specified in the Supplemental Indenture creating such Series.

(B) If on any date that is not a Default Day there are moneys in the Debt Service Fund in excess of the amounts required to be disbursed as required in clauses (1) and (2) of Section 404, then at the direction of the City expressed in a Certificate filed with the Trustee, any amount of such excess may be withdrawn from the Debt Service Fund and (i) deposited into the Debt Management Fund or (ii) paid to the Pension Fund, free from the lien of this Indenture.

Section 406. Debt Management Fund. Moneys on deposit in the Debt Management Fund, at the direction of the City expressed in a Certificate filed with the Trustee, may be withdrawn from the Debt Management Fund and (i) disbursed to pay Administrative Expenses, (ii) deposited into the Debt Service Fund or any Sub-Fund, Account or Sub-Account of the Debt Service Fund for funding of Series Debt Service or for any other purpose for which disbursements may be made from the Debt Service Fund pursuant to Section 404 or any Supplemental Indenture, (iii) deposited in trust to pay or provide for the payment of Bonds pursuant to Section 1101 or (iv) paid to the Pension Fund, free from the lien of this Indenture.

Section 407. Debt Service Reserve Accounts. Any Supplemental Indenture pursuant to which a Series is issued may establish a Debt Service Reserve Account and a Series reserve account requirement with respect thereto. Any such Supplemental Indenture may provide that the reserve account requirement may be satisfied as a whole or in part with one or more Qualified Reserve Credit Instruments. Any such Qualified Reserve Credit Instrument shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Debt Service Reserve Account may be used.

ARTICLE V

Depositaries, Security for Deposits and Investments of Funds

Section 501. Depositaries. All moneys held by the Trustee under the provisions of this Indenture may be deposited with one or more Depositaries selected by an Authorized Officer in the name of and in trust for the Trustee. All moneys held by the City under this Indenture shall be deposited in one or more Depositaries (selected by an

Authorized Officer) in the name of the City. All moneys deposited under the provisions of this Indenture with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds, Sub-Funds, Accounts and sub-accounts established by this Indenture shall be a trust fund.

Section 502. Deposits. (A) All moneys held by any Depositary under this Indenture may be placed on demand or time deposit, as directed by an Authorized Officer, provided that such deposits shall permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by a Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by an Authorized Officer, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size.

(B) All moneys held by any Depositary under this Indenture, not otherwise secured by deposit insurance shall be continuously and fully secured by the Trustee for the benefit of the City and the Owners of the Bonds by lodging with the Trustee as collateral security, Government Obligations having a market value (exclusive of accrued interest) of not less than the amount of such moneys. All other moneys held for the City under this Indenture shall be continuously and fully secured for the benefit of the City and the Owners of the Bonds in the same manner as provided by the City for similar funds of the City.

(C) All moneys deposited with the Trustee and each Depositary shall be credited to the particular Fund, Sub-Fund, Account or Sub-Account to which such moneys belong.

Section 503. Investment of Certain Moneys. (A) Moneys held in the Tax Receipts Fund and in the Debt Service Fund and its Sub-Funds, Accounts and Sub-Accounts shall be invested and reinvested by the Trustee at the oral direction of an Authorized Officer promptly confirmed in writing to the fullest extent practicable in Investment Securities which mature no later than necessary to provide moneys when needed for payments to be made from such Funds, Sub-Funds, Accounts and Sub-Accounts. Moneys held in the Debt Management Fund shall be invested and reinvested by the Trustee at the oral direction of an Authorized Officer confirmed in writing to the fullest extent practicable in Eligible Investments. In the event that no such directions are received by the Trustee, such amounts shall be invested in money market funds described in sub-paragraph (vi) of the definition of Investment Securities, pending receipt of investment directions. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries.

(B) Moneys held in two or more Funds, Sub-Funds, Accounts or Sub-Accounts may be jointly invested in one or more Investment Securities, provided that such investment complies with all the terms and conditions hereof relating to the investment of moneys in such Funds, Accounts or Sub-Accounts, as the case may be, and the City maintains books and records as to the allocation of such investment as among such Funds, Sub-Funds, Accounts or Sub-Accounts. Investment income from investments held in the various Funds, Sub-Funds, Accounts and Sub-Accounts shall remain in and be a part of the respective Funds, Sub-Funds, Accounts and Sub-Accounts in which such investments are held, except as otherwise provided in this Indenture.

Section 504. Valuation and Sale of Investments. (A) Eligible Investments in any Fund, Sub-Fund, Account or Sub-Account created under the provisions of this Indenture shall be deemed at all times to be part of such Fund, Account or Sub-Account and any profit realized from the liquidation of such investment shall be credited to such Fund, Sub-Fund, Account or Sub-Account and any loss resulting from liquidation of such investment shall be charged to such Fund, Sub-Fund, Account or Sub-Account.

(B) In computing the amount in any Fund, Sub-Fund, or Account or Sub-Account, obligations maturing within the three year period next succeeding the date of computation shall be valued at amortized value, and obligations maturing more than three years following the date of computation shall be valued at the lower of amortized value or market value; provided that investment agreements described in sub-paragraph (x) of the definition of "Investment Securities" shall be valued at amortized value.

(C) For purposes of this Indenture "amortized value" means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation shall be made on each January 15 and July 15, or if such day is not a Business Day of the Trustee then on the Business Day of the Trustee immediately preceding such January 15 or July 15, and at any other time required hereunder or under any Supplemental Indenture, and on any particular date shall not include the amount of interest then earned or accrued to such date on any deposit or investment.

(D) Except as otherwise provided in this Indenture, the Trustee at the direction of an Authorized Officer shall sell at the best price reasonably obtainable, or present for redemption, any Eligible Investment held in any Fund, Sub-Fund, Account or Sub-Account held by the Trustee whenever it shall be necessary to provide moneys to meet any payment or transfer from such Fund, Account or Sub-Account as the case may be.

The Trustee and the City shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

ARTICLE VI

Particular Covenants and Representations of the City

Section 601. Authority for Indenture. This Indenture is executed and delivered by the City by virtue of and pursuant to the Bond Ordinance and as an exercise of its home rule powers. The City has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to meet the public purposes and obligations of the City, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the City.

Section 602. Indenture to Constitute Contract. In consideration of the purchase and acceptance of Bonds by those who shall hold the same from time to time, the provisions of this Indenture and any Supplemental Indenture shall be a part of the contract of the City with the owners of Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee, any Bond Insurer, and the Owners from time to time of the Bonds. The City covenants and agrees with the Owners of Bonds, the Trustee and any Bond Insurer, that it will faithfully perform all of the covenants and agreements contained in this Indenture and in the Bonds.

Section 603. Punctual Payment of Bonds. Subject always to the condition that any obligation of the City hereunder shall only be a limited obligation payable from the Trust Estate, the City shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof. The deposit and application of Tax Receipts in accordance with the terms of this Indenture is a contractual obligation of the City.

Section 604. Extension of Payment of Bonds. If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to payment out of the Trust Estate or Funds, Sub-Funds, Accounts and Sub-Accounts established by this Indenture or moneys held by Fiduciaries or Depositories (except moneys held in trust for the payment

of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the City to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 605. Offices for Servicing Bonds. The City shall at all times maintain one or more Paying Agents and Registrars in Chicago, Illinois or in New York, New York, where Bonds may be presented for payment and where Bonds may be presented for registration, transfer or exchange.

Section 606. Further Assurance. At any and all times the City shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the Trust Estate and the rights hereby pledged or assigned, or which the City may become bound to pledge or assign.

Section 607. Power to Issue Bonds and Pledge Trust Estate. The City is duly authorized under all applicable laws and as an exercise of its home rule powers to issue the Bonds and to execute and deliver this Indenture and to pledge the Trust Estate pledged by this Indenture and to grant the lien and security interest granted by this Indenture thereon in the manner and to the extent provided in this Indenture. The Trust Estate, so pledged and subject to the lien of this Indenture, as described in Section 401, is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created by this Indenture, and all action on the part of the City to that end has been and will be duly and validly taken.

The Bonds and the provisions of this Indenture are and will be valid and legally enforceable obligations of the City in accordance with their terms and the terms of this Indenture, except to the extent enforceability may be limited by bankruptcy, insolvency and other laws affecting conditions, rights or remedies and the availability of equitable remedies generally. The City covenants that upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and laws of the State and this Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed.

The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of, lien on and security interest in the Trust Estate pledged under this Indenture, the rights of the City to impose the Water and Sewer Tax and to collect and receive the Tax Receipts and all the rights of the Owners under this Indenture against all claims and demands.

Section 608. Indebtedness and Liens. The City shall not issue any bonds or other evidences of indebtedness or incur any indebtedness, other than the Bonds, which are secured by a pledge of or lien on the Tax Receipts or the moneys, securities or funds held or set aside by the City or by the Trustee under this Indenture, and shall not, except as expressly authorized in this Indenture, create or cause to be created any lien or charge on the Tax Receipts or such moneys, securities or funds; *provided, however*, that nothing contained in this Indenture shall prevent the City from issuing or incurring evidences of indebtedness for the purpose of funding the City's funding obligations to the Pension Fund (a) payable from or secured by amounts that may be withdrawn from the Tax Receipts Fund, the Debt Service Fund or the Debt Management Fund, in each case free from the lien of this Indenture or (b) payable from, or secured by the pledge of, Tax Receipts to be derived on and after such date as the pledge of the Trust Estate provided in this Indenture shall be discharged and satisfied as provided in Section 1101.

Section 609. Payment of Lawful Charges. The City shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, all judgments and court orders, and all lawful claims and demands for labor, materials, supplies or other objects which, if unsatisfied or unpaid, might by law become a lien upon the Tax Receipts; *provided, however*, that nothing in this Section contained shall require the City to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 610. Accounts and Reports. (A) The City shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Tax Receipts and the Funds, Sub-Funds, Accounts and Sub-Accounts established by this Indenture and any Supplemental Indenture, and which, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than 25 percent in principal amount of Outstanding Bonds or their representatives duly authorized in writing. The City further covenants that it will keep an accurate record of the Tax Receipts received and of the deposit of Tax Receipts into the Tax Receipts Fund.

(B) No later than June 30 of each year, the City shall file with the Trustee a Certificate of an Authorized Officer setting forth the Debt Service Coverage Ratio for the most recently completed Fiscal Year.

Section 611. Rate Covenant. (A) The City covenants that it will continuously impose the Water and Sewer Tax and provide for the billing and collection thereof and will establish and revise from time to time a schedule of rates with respect to the Water and Sewer Tax to cause the collections of Tax Receipts in each Fiscal Year to be at least sufficient to produce a Debt Service Coverage Ratio for such Fiscal Year of not less than 1.3.

(B) The City covenants that in each Fiscal Year it will conduct an annual review to determine if the City has been and will be in compliance with the rate covenant set forth in subsection (A) of this Section. Whenever the annual review indicates that the projected Tax Receipts for the then current Fiscal Year or the next Fiscal Year will not be sufficient to comply with the rate covenant, the Chief Financial Officer shall review and analyze the current schedule of rates with respect to the Water and Sewer Tax and shall prepare a written report on the same, including actions which the Chief Financial Officer recommends should be taken by the City to accomplish compliance with the rate covenant in the then current Fiscal Year and in the next Fiscal Year. The report of the Chief Financial Officer shall be filed with the City Council and the Trustee.

Section 612. Maintenance and Operation of Utility Systems. The City will maintain its water supply and distribution system and its wastewater collection and transmission system in good repair and working order and will continuously operate such systems, or cause such systems to be operated, in accordance with all requirements of law.

Section 613. Equality of Security. All Bonds, regardless of Series, date of issuance and date of sale, shall be secured by the pledge contained in Section 401; and the security so pledged shall not be used for any other purpose except as expressly permitted by the terms of this Indenture.

Section 614. Equality of Bonds. All Bonds shall be on a parity and rank equally without preference, priority or distinction over any other as to security, regardless of the time or times of their issue, and the provisions, covenants and agreements set forth in this Indenture to be performed by and on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all Bonds.

ARTICLE VII

Remedies of Owners

Section 701. Events of Default. Each of the following events is hereby declared an “*Event of Default*”:

(1) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(2) if a default shall occur in the due and punctual payment of interest on any Bond, when and as such interest shall become due and payable;

(3) if a default shall occur in the performance or observance by the City of any other of the covenants, agreements or conditions in this Indenture or in any

of the Bonds contained, and such default shall continue for a period of 30 days after written notice thereof to the City by the Trustee or after written notice thereof to the City and to the Trustee by the Owners of not less than a majority in principal amount of the Outstanding Bonds; or

(4) if the City shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State.

Section 702. Accounting and Examination of Records After Default. (A) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(B) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the City, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all and other moneys, securities and funds held by the City pursuant to the terms of this Indenture for such period as shall be stated in such demand.

Section 703. Application of Funds After Default. (A) During the continuance of an Event of Default, the Trustee shall apply all Tax Receipts and the other moneys, securities and funds constituting part of the Trust Estate as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it pursuant to this Article;

(2) to the payment of the principal of, Redemption Price of and interest on the Bonds then due, as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption in the order of their due dates, and, if

the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) If and whenever all overdue installments of principal and Redemption Price of and interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the City under this Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all Bonds held by or for the account of the City have been paid, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the City all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee), and thereupon the City, the Trustee, Bond Insurers and the Owners shall be restored, respectively, to their former positions and rights under this Indenture. No such payment over to the City by the Trustee nor such restoration of the City and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

(C) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

Section 704. Proceedings Brought by Trustee. (A) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under this Indenture forthwith by a suit or suits in equity or at law, including by writ of mandamus, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

(B) All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

(C) All actions against the City under this Indenture shall be brought in a state or federal court located in the County of Cook, Illinois.

(D) The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

(E) Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(F) Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under this Indenture and to preserve or protect its interests and the interest of the Owners.

Section 705. Restriction on Owners' Action. (A) No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of this Indenture or the execution of any trust under this Indenture or for any remedy under this Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or by the laws of the State or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by this Indenture or to enforce any right under this Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and

maintained in the manner provided in this Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions of Section 604.

(B) Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce by any suit or proceeding, including by writ of mandamus, such payment of its Bond solely from the sources provided herein and the Supplemental Indenture pursuant to which such Bond was issued.

Section 706. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, any Bond Insurer or the Owners is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of this Indenture.

Section 707. Effect of Waiver and Other Circumstances. (A) No delay or omission of the Trustee, any Bond Insurer or any Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein.

(B) The Owners of not less than two-thirds in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized may on behalf of the Owners of all of the Bonds waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 708. Notices of Default. The Trustee shall promptly mail written notice of the occurrence of any Event of Default to the Owners of the Bonds and each Bond Insurer.

Section 709. Rights of Bond Insurers. Subject to the provisions of Section 1108 and any applicable Supplemental Indenture, any Bond Insurer shall be treated as the Owner of Bonds upon which such Bond Insurer is obligated pursuant to a Bond Insurance Policy, for the purposes of calculating whether or not the Owners of the requisite percentage of Bonds then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the Bonds pursuant to this Article; *provided, however*, that such Bond Insurer shall cease to be so regarded as Owner of such Bonds in the event such Bond Insurer is in default of its obligations under the applicable Bond Insurance Policy.

Subject to the provisions of Section 1108 and any applicable Supplemental Indenture, to the extent any Bond Insurer has exercised its rights as subrogee for the particular Bonds of which it has insured payment, such Bonds shall be deemed to be Outstanding and such Bond Insurer shall succeed to the rights and interests of the Owners as specified in respect of the applicable Bond Insurance Policy until such amount has been reimbursed.

ARTICLE VIII

Concerning the Fiduciaries

Section 801. Trustee; Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the City agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in this Indenture.

Section 802. Paying Agents; Appointment and Acceptance of Duties. (A) The City shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 814 for a successor Paying Agent. The Trustee is hereby appointed as a Paying Agent for each Series.

(B) The Trustee hereby accepts the duties and obligations imposed upon it as Paying Agent by this Indenture. Each other Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the City and to the Trustee a written acceptance thereof.

(C) Unless otherwise provided, the corporate trust offices of the Paying Agents in the City of Chicago, Illinois are designated as the respective offices or agencies of the City for the payment of the principal or Redemption Price of the Bonds.

Section 803. Registrar; Appointment and Acceptance of Duties. (A) The City shall appoint a Registrar for each Series of Bonds. Each Registrar shall have the qualifications set forth in Section 815 for a successor Registrar. The Trustee or any Paying Agent may be appointed a Registrar.

(B) The Trustee accepts the duties and obligations imposed upon it as Registrar by this Indenture. Each Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the City and to the Trustee a written acceptance thereof.

Section 804. Responsibilities of Fiduciaries. (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the City and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the City or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (B) of this Section, each Fiduciary undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall not be responsible for the recording or re-recording, filing or re-filing of this Indenture, or any supplement or amendment thereto, or the filing of financing statements, or for the validity of the execution by the City of this Indenture, or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof. The Trustee may (but shall be under no duty to) require of the City full information and advice as to the performance of the covenants, conditions and agreements in this Indenture and shall make its best efforts, but without any obligation, to advise the City of any impending default known to the Trustee.

(B) In case an Event of Default has occurred and has not been remedied or waived, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Article.

(C) Before taking any action under this Indenture relating to an Event of Default or in connection with its duties under this Indenture other than making payments of principal and interest on the Bonds as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and

except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(D) In determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Fiduciaries shall consider the effect on the Owners as if there were no Bond Insurance Policy.

Section 805. Evidence on Which Fiduciaries May Act. (A) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion (including any Counsel's Opinion), bond or other paper or document furnished to it pursuant to and conforming to the requirements of this Indenture, and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(B) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless this Indenture specifically requires other evidence thereof) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(C) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished by the City to any Fiduciary shall be sufficiently executed if signed by an Authorized Officer.

Section 806. Compensation. Unless otherwise determined by agreement between the City and each Fiduciary, the City shall pay each Fiduciary from time to time reasonable compensation for services rendered under this Indenture, as well as pay and/or reimburse each Fiduciary for the reasonable fees and expenses related to extraordinary services rendered by each Fiduciary, including without limitation reasonable fees and expenses of such Fiduciary's counsel. Upon an Event of Default, the Fiduciaries shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on, any Bond for the foregoing fees and expenses incurred; provided, that in no event shall the Fiduciaries have any such prior right of payment or claim therefor against any moneys or obligations deposited with or paid to the Fiduciaries for the redemption or payment of Bonds, which are deemed to have been paid in accordance with Section 1101.

Section 807. Certain Permitted Acts. Any Fiduciary may become the Owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee

shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. Any Fiduciary may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care hereunder, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver, or employee retained or employed by it in connection herewith. Any Fiduciary may act upon the opinion or advice of an attorney or accountant selected by it in the exercise of reasonable care or, if selected or retained by the City, approved by the Trustee in the exercise of such care. A Fiduciary shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of the City pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

Section 808. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by this Indenture by giving not less than 60 days' written notice to the City, all Owners of the Bonds, each Bond Insurer, the Depositories and the other Fiduciaries, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed by the City or the Owners as provided in Section 810, in which event such resignation shall take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee shall not have been appointed within a period of 90 days following the giving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as provided in Section 810.

Section 809. Removal of Trustee. The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by the City; *provided, however,* that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the City only with the written concurrence of the Owners of a majority in principal amount of Bonds then Outstanding. The Trustee may be removed at any time by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the City. Copies of each such instrument shall be delivered by the City to each Fiduciary.

Section 810. Appointment of Successor Trustee. (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court shall take charge or

control of the Trustee, or of its property or affairs, the City shall appoint a successor Trustee. The City shall cause notice of any such appointment by it made to be mailed to all Owners of the Bonds and each Bond Insurer.

(B) If no appointment of a Trustee shall be made by the City pursuant to the provisions of subsection (A) of this Section, the Owner of any Bond Outstanding hereunder may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, doing business and having a corporate trust office in the State, and having capital stock and surplus aggregating at least \$20,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 811. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee; but the predecessor Trustee shall nevertheless, on the written request of the City or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurances and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all its right, title and interest in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, such deed, conveyance or instrument shall be executed, acknowledged and delivered by the City. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

Section 812. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which all or substantially all of the corporate trust business of any Fiduciary may be sold or transferred, shall be the successor to such Fiduciary and be bound to the obligations and duties of such Fiduciary hereunder without the execution or filing of any paper or the performance of any further act, unless such successor delivers written notice of its resignation pursuant to the provisions of this Article; *provided, however,* that such

company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Indenture.

Section 813. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in its own name.

Section 814. Resignation or Removal of Paying Agent and Appointment of Successor. (A) Any Paying Agent may at any time resign and be discharged of the duties and obligations imposed upon it by this Indenture by giving at least 60 days' written notice to the City, each Bond Insurer and the other Fiduciaries. Any Paying Agent may be removed at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent and the Trustee. Any successor Paying Agent shall be appointed by the City and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$20,000,000, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(B) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee and shall be subject to audit of all of its books, records and accounts with respect to the Bonds. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 815. Resignation or Removal of Registrar and Appointment of Successor. (A) Any Registrar may at any time resign and be discharged of the duties and obligations imposed upon it by this Indenture by giving at least 60 days' written notice to the City and the other Fiduciaries. Any Registrar may be removed at any time by an instrument signed by an Authorized Officer and filed with such Registrar and the Trustee. Any successor Registrar shall be appointed by the City and shall be a bank, trust company or national banking association doing business and having an office in the State or in the Borough of Manhattan, in the City and State of New York, if there be such a bank, trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(B) In the event of the resignation or removal of any Registrar, such Registrar shall deliver all books, records and other property including the bond register of the City to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar, the Trustee shall act as such Registrar.

Section 816. Trustee Not Deemed to Have Notice of Default. The Trustee shall not be deemed to have notice of any default hereunder, except a Bond payment default under clause (1) or (2) of Section 701 or the failure of the City to file with the Trustee any document required by this Indenture, unless any officer in its corporate trust office shall have actual knowledge thereof or the Trustee shall be specifically notified in writing of such default by the City, by the Owners of not less than a majority in principal amount of the Bonds Outstanding or by a Bond Insurer. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee.

Section 817. Quarterly Report by Trustee and Depositaries. Within seven days after the end of each calendar quarter, the Trustee, any Paying Agent and each Depositary shall prepare a written report for each Fund, Sub-Fund, Account and Sub-Account held by it pursuant to the provisions of this Indenture. Such report shall set out the receipts and disbursements, both principal and income, and shall list the Investment Securities held by the Trustee and each Depositary at the end of the quarter. A copy of each such report shall be furnished to the City and any persons designated by the City. In addition, the Trustee, any Paying Agent and each Depositary shall, at any time when requested, including, without limitation, any request at the time of the resignation of the Trustee, any Paying Agent or any Depositary, furnish to the City and any persons designated by the City a report of the amount of moneys, including Investment Securities, held in each Fund, Sub-Fund, Account or Sub-Account by the Trustee and each Depositary. For purposes of this certification, the Investment Securities in each such Fund, Sub-Fund, Account and Sub-Account shall be treated as having a value equal to their aggregate market value as of the date of the request.

Section 818. Interest Reporting. On behalf of the City, the Trustee shall prepare and file such forms and reports concerning the payment of interest on Bonds as are required under Section 6049 of the Code, including "Form 1099-INT, Interest Income."

ARTICLE IX

Supplemental Indentures

Section 901. Supplemental Indentures Not Requiring Consent of Owners. The City and the Trustee may without the consent of, or notice to, any of the Owners or any Bond Insurer, enter into a Supplemental Indenture or Supplemental Indentures as

shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (1) to authorize a Series of Bonds and to specify, determine or authorize any matters and things concerning any such Series which are not contrary to or inconsistent with this Indenture;
- (2) to close this Indenture against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness;
- (3) to impose additional covenants or agreements to be observed by the City;
- (4) to impose other limitations or restrictions upon the City;
- (5) to surrender any right, power or privilege reserved to or conferred upon the City by this Indenture;
- (6) to confirm, as further assurance, any pledge of or lien upon the Trust Estate or any other moneys, securities or funds;
- (7) to cure any ambiguity, omission or defect in this Indenture;
- (8) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form;
- (9) to provide for the establishment of any Debt Service Reserve Account;
- (10) to provide for the appointment of any successor Fiduciary;
- (11) to conform the provisions of the Indenture to the provisions of any applicable law; and
- (12) to make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee, any Bond Insurer or the Owners.

Section 902. Supplemental Indentures Effective upon Consent of Owners. Any Supplemental Indenture not effective in accordance with Section 901 shall take effect only if permitted and approved and in the manner prescribed by Article X.

Section 903. Filing of Counsel's Opinion. Each Supplemental Indenture described in Section 901 shall be accompanied, when filed with the Trustee, by a Counsel's Opinion to the effect that such Supplemental Indenture has been duly authorized by the City in accordance with the provisions of this Indenture, is authorized

or permitted by this Indenture and, when executed and delivered, will be valid and binding upon the City, the Owners and the Trustee.

Section 904. Notice to Parties. Notice of the execution and delivery of each Supplemental Indenture described in Section 901 shall be given to each Bond Insurer which notice shall include a copy of such Supplemental Indenture in the form so executed and delivered.

ARTICLE X

Amendments

Section 1001. Mailing. Any provision in this Article for the mailing of a notice or other information to Owners shall be fully complied with if it is mailed by first class mail, postage prepaid or delivered only to each Owner of Bonds then Outstanding at its address, if any, appearing upon the registration books of the City kept by the Registrar.

Section 1002. Powers of Amendment. Except for Supplemental Indentures described in Section 901, any modification or amendment of this Indenture and of the rights and obligations of the City and of the Owners of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture with the written consent given as provided in Section 1003 (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or

amendment, and its determination shall be binding and conclusive on the City and all Owners of the Bonds.

Section 1003. Consent of Owners. The City may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1002, to take effect when and as provided in this Section.

Upon the authorization of such Supplemental Indenture, a copy thereof shall be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the City in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and, when effective, will be valid and binding upon the City, the Owners and the Trustee, and (b) a notice shall have been mailed as hereinafter in this Section provided. A certificate or certificates by the Trustee delivered to the City that consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee shall be conclusive. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; *provided, however*, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement hereafter in this Section referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by this Article and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under this Section, the Trustee shall make and deliver to the City a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective as provided in this Section, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall

not prevent such Supplemental Indenture from becoming effective and binding). The Trustee shall deliver to the City proof of the mailing of such notice. A record, consisting of the information required or permitted by this Section to be delivered by or to the Trustee, shall be proof of the matters therein stated.

Section 1004. Modifications by Unanimous Action. The Indenture and the rights and obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all the Bonds then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given. Such Supplemental Indenture shall take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in Section 1003 and (b) with the City of the Trustee's written statement that the consents of the Owners of all Outstanding Bonds have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice shall be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Section 1005. Exclusion of Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding and shall be excluded for the purpose of any calculation required by this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, identifying all Bonds so to be excluded.

Section 1006. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article IX or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond to the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the City or the Trustee shall so determine, new Bonds so modified which, in the opinion of the Trustee and the City, conform to such action may be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for such Bond then Outstanding.

ARTICLE XI

Miscellaneous

Section 1101. Defeasance. (A) If the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Bonds the Principal or Redemption Price, if

applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of the Trust Estate and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the City to the Owners shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of the City, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with the City for any year or part thereof requested, and shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the City all moneys and securities held by them pursuant to this Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, maturity within a Series or portion of any maturity within a Series, the Principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the City to the Owners of such Bonds and to the Trustee shall thereupon be discharged and satisfied.

(B) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of and with the effect expressed in this Section 1101 if the City shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, of said Bonds, and (v) a Counsel's Opinion to the effect that said Bonds are no longer Outstanding under the Indenture. The Trustee shall execute a certificate confirming the defeasance of said Bonds and the satisfaction of the foregoing conditions. The Defeasance Obligations and moneys deposited with the Trustee pursuant to this Section shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such

Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such Principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the Principal of or Redemption Price and interest on such Bonds, at maturity or upon redemption, as the case may be.

(C) Amounts deposited with the Trustee for the payment of the Principal of and interest on any Bonds deemed to be paid pursuant to this Section 1101, if so directed by the City, shall be applied by the Trustee to the purchase of such Bonds in accordance with this subsection. Bonds for which a redemption date has been established may be purchased on or prior to the forty-fifth day preceding the redemption date. The Principal amount of Bonds to be redeemed shall be reduced by the Principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable Principal amount or Redemption Price established pursuant to subsection (B) of this Section 1101, plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee pursuant to this subsection if such purchase would result in the Trustee holding less than the moneys and Defeasance Obligations required to be held for the payment of all other Bonds deemed to be paid pursuant to this Section 1101.

(D) The City may purchase with any available funds any Bonds deemed to be paid pursuant to this Section 1101 in accordance with this subsection. Bonds for which a redemption date has been established may be purchased by the City on or prior to the forty-fifth day preceding the redemption date. On or prior to the forty-fifth day preceding the redemption date the City shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to the City on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the City the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

(E) Each Fiduciary shall continue to be entitled to reasonable compensation for all services rendered under this Indenture, notwithstanding that any Bonds are deemed to be paid pursuant to this Section 1101.

(F) Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date

when such Bonds become due and payable, shall, at the written request of the City, be repaid by the Fiduciary to the City, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for the payment of such Bonds.

Section 1102. Evidence of Signatures of Owners and Ownership of Bonds.

(A) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or its attorney of such instruments may be proved by a guarantee of the signature thereon by a bank, national banking association or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instruments acknowledged to that person the execution thereof, or by an affidavit of witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration book maintained by the Registrar.

(B) Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or any Fiduciary in accordance therewith.

Section 1103. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of interest, Principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

Section 1104. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Indenture, shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any

other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

Section 1105. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, and all mutilated Bonds surrendered pursuant to Section 307, shall be delivered to the Trustee when such payment or redemption is made or upon surrender, as the case may be, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be delivered to the City and the other retained by the Trustee.

Section 1106. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the City, any Bond Insurer, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiduciaries, any Bond Insurer and the Owners of the Bonds.

Section 1107. No Recourse on Bonds. (A) No recourse shall be had for the payment of the Principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any past, present or future member of the City Council, officer, employee or agent of the City, or any successor, public body or any person executing the Bonds, either directly or through the City, under any rule of law or equity, statute or constitution or otherwise, and all such liability of any such officers, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of the Bonds.

(B) No member of the City Council, officer, agent or employee of the City shall be individually or personally liable for the payment of the Principal or Redemption Price of or interest on the Bonds; but nothing herein contained shall relieve any such officer, director, agent or employee from the performance of any official duty provided by law.

(C) All covenants, stipulations, obligations and agreements of the City contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized and permitted by the Constitution and laws of the State; and no covenants, stipulations, obligations or agreements contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the City Council, officer, agent or employee of the City in his or her individual capacity, and no officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason

to such other address as may be designated in writing by the City to the Trustee; and

To the Trustee, if addressed to: _____

Chicago, Illinois _____

Attention: _____

or at such other address as may be designated in writing by the Trustee to the City.

Section 1112. Construction. The Indenture and all Supplemental Indentures shall be construed in accordance with the provisions of State law.

Section 1113. Multiple Counterparts. The Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City of Chicago has caused this Trust Indenture to be executed in its name and on its behalf by its Chief Financial Officer and _____, as Trustee, has caused this Trust Indenture to be executed on its behalf and attested by its authorized signatories, all as of the day and year first above written.

CITY OF CHICAGO

Chief Financial Officer

as Trustee

Authorized Signatory

Attest:

Authorized Signatory

EXHIBIT B

FIRST SUPPLEMENTAL INDENTURE

by and between

CITY OF CHICAGO

and

as Trustee

Dated as of _____ 1, 2019

SECURING CITY OF CHICAGO
WATER AND SEWER EXCISE TAX RECEIPTS REVENUE BONDS,
TAXABLE SERIES 2019A (PENSION FUNDING)

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THIS FIRST SUPPLEMENTAL INDENTURE dated as of _____ 1, 2019 (the “*First Supplemental Indenture*”), by and between the City of Chicago, a municipal corporation and a home rule unit of local government duly organized and existing under the laws of the State of Illinois (the “*City*”) and _____, a _____ duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the _____, as trustee (the “*Trustee*”) under the Trust Indenture dated as of _____ 1, 2019, by and between the City and the Trustee securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds (the “*Master Trust Indenture*”).

W I T N E S S E T H:

WHEREAS, the City is a home rule unit of local government and, in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, may exercise any power and perform any function pertaining to its government and affairs including the power to tax and the power to incur debt; and

WHEREAS, the City had enacted the “Chicago Water and Sewer Tax Ordinance” (codified as Chapter 3-80 of the Municipal Code of Chicago) and pursuant thereto has imposed the “Chicago Water and Sewer Tax”; and

WHEREAS, the City may pledge as security for the payment of its bonds (i) the proceeds derived from the imposition of the Chicago Water and Sewer Tax (the “*Tax Receipts*”) and (ii) moneys deposited or to be deposited into any special fund of the City and may bind itself to impose the Chicago Water and Sewer Tax to the fullest extent permitted by applicable law; and

WHEREAS, on _____, 2019, the City Council of the City adopted the 2019 Fund Stabilization Bonds Ordinance (the “*Bond Ordinance*”) authorizing the City to enter into this Indenture and to issue the Series 2019A Bonds (as herein defined); and

WHEREAS, _____ as Trustee under the Indenture has accepted its appointment as Trustee and does hereby acknowledge and accept the powers, duties and obligations of the Trustee under this First Supplemental Indenture; and

WHEREAS, this First Supplemental Indenture is entered into pursuant to clause (1) of Section 901 of the Indenture and the Bond Ordinance to authorize a Series of Bonds (the “*Series 2019A Bonds*”) and to specify, determine and authorize any matters and things concerning such Series which are not contrary to or in consistent with the Indenture; and

WHEREAS, each Series 2019A Bond, when issued, will be an Initial Bond (as defined in the Indenture) secured by a pledge of, lien on and security interest in the Trust Estate (as defined in the Indenture); and

WHEREAS, all things necessary to make the Series 2019A Bonds, when authenticated by the Trustee and issued as in the Indenture and in this First Supplemental Indenture provided, the valid, binding and legal limited obligations of the City according to the import thereof, and to constitute the Indenture and this First Supplemental Indenture as a valid pledge of and grant of a lien on and security interest in the Trust Estate for the purpose of securing the payment of the principal of, premium, if any, and interest on the Series 2019A Bonds have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this First Supplemental Indenture and the execution and issuance of the Series 2019A Bonds, subject to the terms hereof, have in all respects been duly authorized;

GRANTING CLAUSES

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to secure the payment of the principal of, premium, if any, and interest on the Series 2019A Bonds as Bonds under the Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Series 2019A Bonds contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Series 2019A Bonds by the respective Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Series 2019A Bonds shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, the City does hereby confirm the pledge of and lien on and security interest in the following Trust Estate to the Trustee and its successors in trust and assigns, to the extent provided in the Indenture:

- (a) The Tax Receipts;
- (b) All moneys and securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established pursuant to the Indenture for the payment and security of the Series 2019A Bonds; and
- (c) Any and all other moneys and securities furnished from time to time to the Trustee by the City or on behalf of the City or by any other persons to be

held by the Trustee under the terms of the Indenture or this First Supplemental Indenture.

THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH that, in addition to the terms, conditions and covenants of the Indenture, the City, the Trustee and the Owners of the Series 2019A Bonds, hereby agree to be bound by the terms, conditions and covenants of this First Supplemental Indenture, as follows:

ARTICLE I

Definitions and Construction

Section 101. Definitions. All capitalized terms used in this First Supplemental Indenture, unless otherwise defined, shall have the same meaning as set forth in Section 101 of the Indenture. In addition, the following terms shall, for all purposes of this First Supplemental Indenture, have the following meanings unless a different meaning clearly appears from the context:

“*Authorized Denomination*” means \$5,000 or any integral multiple thereof.

“*Calculation Agent*” means an independent accounting firm, investment banking firm or financial advisor selected and retained by the City.

“*DTC*” means The Depository Trust Company, as securities depository for the Series 2019A Bonds.

“*DTC Participant*” shall mean any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2019A Bonds with DTC pursuant to the book-entry only system described in Section 203(G).

“*First Supplemental Indenture*” means this First Supplemental Indenture, dated as of _____ 1, 2019, by and between the City and the Trustee, as from time to time amended and supplemented.

“*Indenture*” means the Master Trust Indenture, dated as of _____ 1, 2019, by and between the City and the Trustee, securing City of Chicago Water and Sewer Excise Tax Receipts Revenue Bonds, as from time to time amended and supplemented.

“*Interest Payment Date*” means _____ 1, 20__ and each January 1 and July 1 thereafter.

“*Make Whole Period*” means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year, consisting of twelve 30-day months,

between the redemption date and the remaining weighted average life of each Series 2019A Bond to be redeemed.

“*Owner*” means any person who shall be the registered owner of any Series 2019A Bond or Bonds.

“*Series 2019A Bonds*” means the \$_____ original principal amount of the Water and Sewer Excise Tax Receipts Revenue Bonds, Taxable Series 2019A (Pension Funding) of the City authorized by the Bond Ordinance and Section 201.

“*Term Bonds*” means the Series 2019A Bonds due January 1 of the years 20__, 20__ and 20__.

“*Treasury Rate*” means as of any redemption date for a Series 2019A Bond, the time-weighted interpolated average yield for a term equal to the Make Whole Period of the yields of the two United States Treasury nominal securities at “constant maturity” as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two Business Days nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) maturing immediately preceding and succeeding the Make Whole Period.

Section 102. Interpretations. As used herein, and unless the context shall otherwise indicate, the words “Bond,” “Owner” and “Person” shall include the plural as well as the singular number.

As used herein, the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this First Supplemental Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this First Supplemental Indenture as originally executed.

Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this First Supplemental Indenture, nor do they affect its meaning, construction or effect.

ARTICLE II

Authorization and Issuance of Series 2019A Bonds

Section 201. Authorization of Series 2019A Bonds. A Series of Initial Bonds entitled to the benefit, protection and security of the Indenture and this First Supplemental Indenture is hereby authorized in the aggregate principal amount of \$ _____ to finance a deposit to the Pension Fund, to capitalize interest on the Series 2019A Bonds by a deposit to the Capitalized Interest Account, to fund a deposit to the Debt Management Fund and to pay costs in connection with the issuance of the Series 2019A Bonds. Such Series of Initial Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series, by the title "Water and Sewer Excise Tax Receipts Revenue Bonds, Taxable Series 2019A (Pension Funding). Each Series 2019A Bond shall be a Current Interest Bond under the Indenture.

Section 202. General Provisions for Issuance. The Series 2019A Bonds shall be executed by the City and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of: (A) each of the items listed in clauses (1), (2), (3) and (5) of Section 202 of the Indenture.

Section 203. Terms of Series 2019A Bonds. (A) Each Series 2019A Bond shall be in registered form and shall be initially dated _____, 2019. Series 2019A Bonds authenticated and delivered prior to _____ 1, 20__, shall be dated as of _____, 2019. Series 2019A Bonds authenticated and delivered on or after _____ 1, 20__ shall be dated the January 1 or July 1 preceding the date of their authentication and delivery to which interest has been paid or duly provided for, except Series 2019A Bonds authenticated and delivered on a January 1 or July 1 to which interest has been paid or duly provided shall be dated that January 1 or July 1.

(B) Each Series 2019A Bond shall bear interest payable on _____ 1, 20__ and semiannually thereafter on January 1 and July 1 in each year, computed on the basis of a 360-day year consisting of twelve 30-day months.

(C) The Series 2019A Bonds shall mature on January 1 of each of the years and in the principal amounts and shall bear interest at the respective rates per annum set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$. %
20__		
20__		

(D) The Series 2019A Bonds shall be in Authorized Denominations (but no single Series 2019A Bond shall represent principal maturing on more than one date) and each Series 2019A Bond shall be numbered consecutively but need not be authenticated or delivered in consecutive order. The Series 2019A Bonds and the Trustee's Certificate of Authentication shall be in substantially the form set forth in *Exhibit A* attached hereto and by reference made a part hereof with such variations, omissions or insertions as are required or permitted by the Indenture.

(E) The Principal of the Series 2019A Bonds shall be payable at the designated corporate trust offices of the Trustee, in the City of Chicago, Illinois, as Paying Agent, and at such offices of any co-Paying Agent or successor Paying Agent or Paying Agents for the Series 2019A Bonds appointed pursuant to the Indenture. Interest on the Series 2019A Bonds shall be payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the City maintained by the Registrar as of the Record Date or, at the option of any Owner, by wire transfer of Current Funds to such bank in the continental United States as said Owner shall request in writing to the Registrar.

(F) The net proceeds of the Series 2019A Bonds, upon receipt, shall be deposited or applied as follows:

(i) \$ _____ shall be deposited into the Capitalized Interest Account of the Series 2019A Dedicated Sub-Fund;

(ii) \$ _____ shall be deposited into the Debt Management Fund;

(iii) \$ _____ shall be paid to the Pension Fund; and

(iv) \$ _____ shall be deposited into the Costs of Issuance Account of the Series 2019A Dedicated Sub-Fund.

(G) The Series 2019A Bonds shall be initially issued in the form of a separate single fully registered Series 2019A Bond for each maturity with the same interest rate. Upon initial issuance, the ownership of each such Series 2019A Bond shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, and except as hereinafter provided, the ownership of all of the outstanding Series 2019A Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Series 2019A Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Series 2019A Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect

to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in any Series 2019A Bond, (ii) the delivery to any DTC Participant or any other Person, other than the Owner of any Series 2019A Bond, of any notice with respect to such Series 2019A Bond, (iii) the payment to any DTC Participant or any other Person, other than the Owner of any Series 2019A Bond, of any amount with respect to Principal or Redemption Price of or interest on such Series 2019A Bond or (iv) the allocation method for the pro-rata redemption of Series 2019A Bonds among DTC Participants and the beneficial owners of the Series 2019A Bonds.

The City, the Trustee and each other Fiduciary, if any, shall be entitled to treat and consider the Person in whose name each Series 2019A Bond is registered as the absolute owner of such Series 2019A Bond for the purpose of payment of Principal and interest with respect to such Series 2019A Bond, for the purpose of giving notices of redemption, for the purpose of registering transfers with respect to such Series 2019A Bond and for all other purposes whatsoever. The Trustee and each other Fiduciary, if any, shall pay all Principal of and interest on the Series 2019A Bonds only to or upon the order of the respective Owners thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the City's obligations with respect to payment of Principal of and interest on the Series 2019A Bonds to the extent of the sum or sums so paid. No Person other than an Owner of a Series 2019A Bond shall receive a Series 2019A Bond certificate of the applicable Series evidencing the obligation of the City to make payments of Principal of and interest on the Series 2019A Bonds pursuant to this Indenture.

The Owners of the Series 2019A Bonds have no right to the appointment or retention of a depository for such Series 2019A Bonds. DTC may resign as securities depository under the conditions provided in the Letter of Representations. In the event of any such resignation, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer or cause the transfer of one or more separate Series 2019A Bond certificates to such successor securities depository or (ii) notify DTC of the availability through DTC of Series 2019A Bond certificates and transfer or cause the transfer of one or more separate Series 2019A Bond certificates to DTC Participants having Series 2019A Bonds credited to their DTC accounts. In such event, the Series 2019A Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving Series 2019A Bonds shall designate, in accordance with the provisions of this Indenture.

The City has heretofore executed and delivered the Letter of Representations to DTC. So long as DTC, or its designee, is the Owner of all Series 2019A Bonds, the provisions set forth in the Letter of Representations shall apply to the redemption of any

Series 2019A Bonds and to the payment of Principal or Redemption Price of and interest on the Series 2019A Bonds, including without limitation, that: (1) presentation of Series 2019A Bonds to the Trustee at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Series 2019A Bonds through DTC or DTC's Participants is transferred by DTC on its books; and (2) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Owners of Series 2019A Bonds under this Indenture on a fractionalized basis on behalf of some or all of those Persons entitled to exercise ownership rights in the Series 2019A Bonds through DTC or DTC's Participants.

So long as the Series 2019A Bonds are registered in the name of Cede & Co., as nominee of DTC, the Trustee agrees to comply with the terms and provisions of the Letter of Representations.

Section 204. Make Whole Optional Redemption. Each maturity of the Series 2019A Bonds shall be subject to redemption prior to maturity at the option of the City, as a whole, or in part as provided in Section 209, and upon notice as provided in Section 210, on any Business Day, at a Redemption Price equal to the greater of: (A) the principal amount of the Series 2019A Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of Principal and interest on the Series 2019A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus (i) ___ basis points in the case of the Series 2019A Bonds maturing in the years 20__ or 20__ and (ii) ___ basis points in the case of the Series 2019A Bonds maturing in the years 20__ or 20__, plus in each case, accrued and unpaid interest on the Series 2019A Bonds being redeemed to the date fixed for redemption.

The make whole optional Redemption Price of each Series 2019A Bond will be calculated by the Calculation Agent. The City and the Trustee may rely on the Calculation Agent's determination of the make whole optional Redemption Price and will not be liable for such reliance. The City shall confirm and transmit the Redemption Price so calculated on such dates and to such Persons as shall be necessary to effectuate such redemption.

Section 205. Mandatory Sinking Fund Redemption. The Series 2019A Bonds maturing on January 1 of the years 20__, 20__ and 20__ are Term Bonds subject to mandatory redemption at a Redemption Price of par, on the following dates and in the following principal amounts, each constituting a Sinking Fund Installment for the retirement of the Term Bonds for a particular maturity as set forth in the following tables, subject to adjustment pursuant to Section 206:

<u>Bonds Due 20__</u>		<u>Bonds Due 20__</u>		<u>Bonds Due 20__</u>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>

The final maturity amount of the 20__ Term Bonds is \$_____. The final maturity amount of the 20__ Term Bonds is \$_____ and the final maturity amount of the 20__ Term Bonds is \$_____.

Section 206. Adjustment of Sinking Fund Installments. In the event of the optional redemption by the City of less than all of the Term Bonds of like maturity, the principal amount so redeemed shall be credited pro-rata against the unsatisfied balance of future Sinking Fund Installments and the final maturity amount established with respect to such Term Bonds.

Section 207. Redemption at the Election or Direction of the City. In the case of any redemption of Series 2019A Bonds at the election or direction of the City, the City shall give written notice to the Trustee of its election or direction so to redeem, of the date fixed for redemption, and of the principal amounts and interest rates of the Series 2019A Bonds of each maturity to be redeemed. Such notice shall be given at least 25 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 210 provided, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Series 2019A Bonds to be

redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Series 2019A Bonds so called for redemption.

Section 208. Redemption Otherwise Than at City's Election or Direction.

Whenever by the terms of this First Supplemental Indenture the Trustee is required or authorized to redeem Series 2019A Bonds otherwise than at the election or direction of the City, the Trustee shall select the Series 2019A Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption.

Section 209. Selection of Series 2019A Bonds to Be Redeemed. If less than all of the Series 2019A Bonds of like maturity and interest rate shall be called for prior redemption, the particular Series 2019A Bonds or portion of Series 2019A Bonds to be redeemed shall be selected on a pro-rata pass-through distribution of principal basis in accordance with the procedures and operational arrangements of DTC then in effect based upon the aggregate principal amount thereof then Outstanding; *provided, however*, that the portion of any Series 2019A Bond of a denomination of more than the minimum Authorized Denomination to be redeemed shall be in the principal amount of an Authorized Denomination.

Section 210. Notice of Redemption. When the Trustee shall receive notice from the City of its election or direction to redeem Series 2019A Bonds pursuant to Section 207, and when redemption of Bonds is authorized or required pursuant to Section 208, the Trustee shall give notice, in the name of the City, of the redemption of such Series 2019A Bonds, which notice shall specify the maturities and interest rates of the Series 2019A Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the Series 2019A Bonds of any like maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2019A Bonds so to be redeemed, and, in the case of Series 2019A Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the Redemption Price of each Series 2019A Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2019A Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first-class mail, postage prepaid, not more than 60 days nor less than 20 days before the date fixed for redemption, to the Owners of the Series 2019A Bonds to be redeemed at their addresses as shown on the registration books of the City maintained by the Registrar. If the Trustee mails

notices of redemption as herein provided, notice shall be conclusively presumed to have been given to all Owners.

With respect to an optional redemption of any Series 2019A Bonds, unless moneys sufficient to pay the Redemption Price of, and interest on the Series 2019A Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Series 2019A Bonds and the Trustee 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 Series 2019A Bonds will not be redeemed.

Section 211. Payment of Redeemed Series 2019A Bonds. Notice having been given in the manner provided in Section 210, the Series 2019A Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, such Series 2019A Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Series 2019A Bond, the City shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Series 2019A Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Series 2019A Bond so surrendered, fully registered Series 2019A Bonds of like maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Series 2019A Bonds or portions thereof of like maturity and interest rate to be redeemed, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Series 2019A Bonds or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Series 2019A Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE III

Dedicated Sub-Fund

Section 301. Creation of Sub-Fund and Accounts.

(A) Creation of Series 2019A Dedicated Sub-Fund. There is hereby created by the City and ordered established with the Trustee a separate and segregated Sub-Fund within the Debt Service Fund, such Sub-Fund to be designated the "Series 2019A Dedicated Sub-Fund" (the "*Series 2019A Dedicated Sub-Fund*"). Moneys on deposit in the Series 2019A Dedicated Sub-Fund, and in each Account established therein as hereinafter provided, shall be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the Series 2019A Bonds and shall not be used or available for the payment of any other Bonds, except as expressly provided herein.

(B) Creation of Series 2019A Accounts. There are hereby created by the City and ordered established with the Trustee separate Accounts within the Series 2019A Dedicated Sub-Fund, designated as follows:

(1) *Capitalized Interest Account:* an Account to be designated the "Series 2019A Capitalized Interest Account" (the "*Capitalized Interest Account*");

(2) *Costs of Issuance Account:* an Account to be designated the "Series 2019A Costs of Issuance Account" (the "*Costs of Issuance Account*");

(3) *Principal Account:* an Account to be designated the "Series 2019A Principal Account" (the "*Principal Account*"); and

(4) *Interest Account:* an Account to be designated the "Series 2019A Interest Account" (the "*Interest Account*").

Section 302. Deposits into Series 2019A Dedicated Sub-Fund and Accounts.

(A) On each Business Day, commencing on _____, 2019 (each such date referred to herein as the "Deposit Date") there shall be withdrawn from the Debt Service Fund and deposited into the Series 2019A Dedicated Sub-Fund, until there shall have been deposited into the various Accounts in the Series 2019A Dedicated Sub-Fund an amount equal to the aggregate of the amounts set forth in subsection (B) of this Section (such aggregate amount with respect to any Deposit Date being referred to herein as the "*Series 2019A Deposit Requirement*").

(B) On each Deposit Date the Trustee shall make the following deposits in the following order of priority and if the moneys deposited into the Series 2019A Dedicated Sub-Fund are insufficient to make any required deposit, the deposit shall be made up on the next Deposit Date after required deposits into other Accounts having a higher priority shall have been made in full:

(i) for deposit into the 2019A Interest Account, the amount required so that the sum then held in the 2019A Interest Account, when added to the interest payable from the 2019A Capitalized Interest Account on the applicable Interest Payment Dates, will equal the sum of the unpaid interest due on the Series 2019A Bonds on the next ensuing Interest Payment Dates to and including the first day of January of the then current Bond Year; and

(ii) commencing on January 2, 20__, for deposit into the 2019A Principal Account, the amount required so that the sum then held in the 2019A Principal Account will equal the sum of the unpaid Principal due on the Series 2019A Bonds on the first day of January of the then current Bond Year.

(C) In addition to the Series 2019A Deposit Requirement, there shall be deposited into the Series 2019A Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture or this First Supplemental Indenture, when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Series 2019A Dedicated Sub-Fund and to one or more accounts in the Series 2019A Dedicated Sub-Fund.

(D) Upon calculation by the Trustee of each Series 2019A Deposit Requirement under this Section, the Trustee shall notify the City of the Series 2019A Deposit Requirement and the Deposit Date to which it relates together with such supporting documentation and calculations as the City may reasonably request.

Section 303. Interest Account. The Trustee shall withdraw from the Interest Account, prior to each Interest Payment Date, an amount equal to the interest due on the Series 2019A Bonds and not payable from the Capitalized Interest Account, and apply the same to the payment of such interest.

Section 304. Capitalized Interest Account. The Trustee shall withdraw from the Capitalized Interest Account, prior to each of the following Interest Payment Dates, the amounts set forth in the following table, and apply the same to the payment of the interest on the Series 2019A Bonds due on such Interest Payment Date:

<u>Interest Payment Date</u>	<u>Amount</u>
<u> </u> 1, 20 <u> </u>	\$
<u> </u> 1, 20 <u> </u>	

Any amount remaining in the Capitalized Interest Account on _____, 20__, shall be withdrawn from the Capitalized Interest Account and deposited into the Interest Account.

Section 305. Principal Account. (A) The Trustee shall withdraw from the Principal Account, prior to each Principal Payment Date, an amount equal to the Principal of the Series 2019A Bonds maturing or due on that date, and apply the same to the payment of such Principal when due.

(B) The Trustee shall establish and maintain in the Principal Account a separate Sub-Account for each Term Bond for which Sinking Fund Installments are established pursuant to Section 205. Moneys paid into the Principal Account in respect of Sinking Fund Installments in any Bond Year shall upon receipt be segregated and set aside in said Sub-Accounts in proportion to the respective amounts of the Sinking Fund Installment on the next ensuing Principal Payment Date with respect to the particular Term Bonds for which each such Sub-Account is maintained.

(C) The Trustee shall apply moneys in any Sub-Account established in the Principal Account as provided in subsection (B) of this Section to the redemption of the Term Bonds for which such Sub-Account is maintained in the manner provided in this Section and Article II or to the payment of the Principal thereof at maturity. If at any date there shall be moneys in any such Sub-Account and there shall be Outstanding none of the Term Bonds for which such Sub-Account was established, said Sub-Account shall be closed and the moneys therein shall be withdrawn therefrom and be applied by the Trustee as if paid into the Principal Account on that date.

(D) Amounts deposited to the credit of the 2019A Principal Account to be used in satisfaction of any Sinking Fund Installment may, and if so directed by the City in a Certificate of an Authorized Officer filed with the Trustee shall, be applied by the Trustee, on or prior to the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, to the purchase of Outstanding Term Bonds of the maturity for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the 2019A Interest Account. All such purchases of Outstanding Term Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Term Bonds plus accrued interest, and such purchases shall be made in such manner as the City shall determine. The principal amount of any Term Bonds so purchased shall be deemed to constitute part of the 2019A Principal Account until the Principal Payment Date on which such Sinking Fund Installment is due, for the purpose of calculating the amount on deposit in such Account.

(E) At any time up to the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, the City may purchase Outstanding Term Bonds for which such Sinking Fund Installment was established and surrender such Term Bonds to the Trustee at any time up to said date.

(F) After giving effect to the Outstanding Term Bonds purchased by the Trustee and Outstanding Term Bonds surrendered by the City as described in Subsections

(D) and (E) of this Section, which shall be credited against the Sinking Fund Installment at the applicable sinking fund Redemption Price thereof, and as soon as practicable after the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, the Trustee shall proceed to call for redemption on such Principal Payment Date Outstanding Term Bonds for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the unsatisfied portion of such Sinking Fund Installment. The Trustee shall pay out of the 2019A Principal Account to the appropriate Paying Agents, on or before the day preceding such redemption date, the Redemption Price required for the redemption of the Outstanding Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(G) If the principal amount of Outstanding Term Bonds retired through application of amounts in satisfaction of any Sinking Fund Installment shall exceed such Sinking Fund Installment, or in the event of the purchase from moneys other than from the 2019A Principal Account of Outstanding Term Bonds for which Sinking Fund Installments have been established, such excess or the principal amount of Outstanding Term Bonds so purchased shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as the City establishes in a Certificate signed by an Authorized Officer and delivered to the Trustee not more than 45 days after the payment in excess of such Sinking Fund Installment.

Section 306. Timing of Bond Payment Withdrawals. All withdrawals from the Interest Account, the Principal Account or the Capitalized Interest Account under Section 303, Section 304, Section 305(A) or Section 305(F) shall be made no earlier than three days prior to the Payment Date to which they relate, and the amount so withdrawn shall, for all purposes of this First Supplemental Indenture, be deemed to remain and be a part of the respective Account until the applicable Payment Date.

Section 307. Costs of Issuance Account. The Trustee shall apply moneys in the Costs of Issuance Account for the payment of costs of issuance of the Series 2019A Bonds, as directed in a Certificate filed with the Trustee. If, after payment of all Costs of Issuance, there shall be any balance remaining in the Costs of Issuance Account, such balance, at the direction of an Authorized Officer, shall be withdrawn from the Costs of Issuance Account and deposited into the Debt Management Fund.

Section 308. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any Sub-Fund, Account or Sub-Account referred to in any provision of this First Supplemental Indenture, shall be held by the Trustee in trust as provided in Section 1103 of the Indenture, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

ARTICLE IV

Particular Covenants and Representations of the City

Section 401. Authority for First Supplemental Indenture. This First Supplemental Indenture is executed and delivered by the City by virtue of and pursuant to the Bond Ordinance and as an exercise of the City's home rule powers. The City has ascertained and hereby determines and declares that the execution and delivery of this First Supplemental Indenture is necessary to meet the public purposes and obligations of the City, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Series 2019A Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the City.

Section 402. Indenture to Constitute Contract. In consideration of the purchase and acceptance of Series 2019A Bonds by those who shall hold the same from time to time, the provisions of the Indenture and this First Supplemental Indenture shall be a part of the contract of the City with the Owners of the Series 2019A Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the Owners from time to time of the Series 2019A Bonds. The City covenants and agrees with the Owners of the Series 2019A Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in this First Supplemental Indenture and in the Series 2019A Bonds.

Section 403. Limited Obligations. The Series 2019A Bonds are limited obligations of the City payable from amounts on deposit in the Series 2019A Dedicated Sub-Fund and secured by a pledge of and lien on and security interest in the Trust Estate pledged for their payment in accordance with the Indenture.

ARTICLE V

Miscellaneous

Section 501. Trustee Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in Article VIII of the Indenture, to all of which the City agrees and the respective Owners of the Series 2019A Bonds, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in the Indenture and this First Supplemental Indenture.

Section 502. Appointment of Fiduciaries. The Trustee is hereby appointed Paying Agent and Registrar for the Series 2019A Bonds. The Trustee accepts the duties and obligations imposed upon it as Paying Agent and Registrar by the Indenture and this First Supplemental Indenture. The City may at any time or from time to time appoint one or more other Paying Agents for the Series 2019A Bonds having the qualifications set forth in Section 814 of the Indenture for a successor Paying Agent.

Section 503. Amendment or Modifications. This First Supplemental Indenture may be amended or modified in the same manner as the Indenture may be amended or modified in accordance with Article IX and Article X of the Indenture.

Section 504. Defeasance. If the City shall pay to the Owners of the Series 2019A Bonds, or provide for the payment of the Principal, interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in Section 1101 of the Indenture, then this First Supplemental Indenture shall be fully discharged and satisfied. Upon the satisfaction and discharge of this First Supplemental Indenture, the Fiduciaries shall pay over and deliver to the City, all Funds, Sub-Funds, Accounts, Sub-Accounts and other moneys and securities held by them pursuant to this First Supplemental Indenture that are not required for the payment or redemption of the Series 2019A Bonds.

Section 505. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this First Supplemental Indenture, shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

Section 506. Parties Interested Herein. Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the City, the Fiduciaries and the Owners of the Series 2019A Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiduciaries and the Owners of the Series 2019A Bonds.

Section 507. Successors and Assigns. Whenever in this First Supplemental Indenture the City is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this First Supplemental Indenture contained by or on behalf of the City shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

Section 508. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this First Supplemental Indenture on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or

covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this First Supplemental Indenture.

Section 509. Notices. Any notice, demand, direction, request or other instruments authorized or required by this First Supplemental Indenture to be given to, delivered to or filed with the City or the Trustee shall be deemed to have been sufficiently given, delivered or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested:

To the City, if addressed to: City of Chicago
 City Hall
 121 North LaSalle Street
 Chicago, Illinois 60602
 Attention: Chief Financial Officer

or to such other address as may be designated in writing by the City to the Trustee; and

To the Trustee, if addressed to: _____

 Chicago, Illinois _____
 Attention: _____

or at such other address as may be designated in writing by the Trustee to the City.

Section 510. Construction. This First Supplemental Indenture shall be construed in accordance with the provisions of Illinois law.

Section 511. Multiple Counterparts. This First Supplemental Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City of Chicago has caused this First Supplemental Indenture to be executed in its name and on its behalf by its Chief Financial Officer and _____, as Trustee, has caused this First Supplemental Indenture to be executed on its behalf and attested by its authorized signatories, all as of the day and year first above written.

CITY OF CHICAGO

Chief Financial Officer

as Trustee

Authorized Signatory

Attest:

Authorized Signatory

EXHIBIT A

FORM OF SERIES 2019A BONDS

[Form of Bond-Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

**CITY OF CHICAGO
WATER AND SEWER EXCISE TAX RECEIPTS REVENUE BOND, TAXABLE SERIES 2019A
(PENSION FUNDING)**

See Reverse Side for
Additional Provisions

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	January 1, 20__	_____, 2019	_____

Registered Owner: Cede & Co.

Principal Amount:

The CITY OF CHICAGO, a municipal corporation and a home rule unit of local government of the State of Illinois (the “City”), for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, the Principal Amount identified above on the Maturity Date specified above, and to pay (but only out of the sources hereinafter provided) interest on said Principal Amount from the later of the Dated Date of this Series 2019A Bond or the most recent date to which interest has been paid or provided for. Interest on this Series 2019A Bond (computed on the basis of a 360-day year consisting of twelve 30-day months) is payable on January 1 and July 1 of each year, commencing _____ 1, 20__, until the payment in full of such Principal Amount.

Principal of this Series 2019A Bond is payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the principal corporate trust office of _____, in the City of Chicago, Illinois, or its successor in trust (the “Trustee”) as Trustee and Paying Agent and payment of the interest hereon shall be made to the person in whose name this Series 2019A Bond is registered at the close of business on the fifteenth day of the calendar month next preceding each interest payment date (the “Record Date”) by check or bank draft mailed or delivered by the Trustee to such Registered Owner at such Registered Owner’s address as it appears on the

registration books of the City maintained by _____, in the City of Chicago, Illinois, as Registrar (the “*Registrar*”) or, at the option of the Registered Owner, by wire transfer of immediately available funds to such bank in the continental United States as said Registered Owner shall request in writing to the Registrar.

Reference is hereby made to the further provisions of this Series 2019A Bond on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

The Series 2019A Bonds are limited obligations of the City secured by the pledge of the Trust Estate pledged to the payment of the Series 2019A Bonds under the Indenture (as hereinafter defined) and payable from the Series 2019A Dedicated Sub-Fund held under the Indenture. The Series 2019A Bonds do not represent a debt of the City within the meaning of any Constitutional or statutory limitation. Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Series 2019A Bonds.

It is hereby certified, recited and declared that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2019A Bond have been performed in due time, form and manner as required by law; and that the issuance of this Series 2019A Bond and the series of which it is a part does not exceed or violate any Constitutional or statutory limitation.

This Series 2019A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the City of Chicago has caused this Series 2019A Bond to be signed in its name and on its behalf by the manual or duly authorized facsimile signatures of its Mayor and the manual or duly authorized facsimile signature of its Chief Financial Officer, and its corporate seal (or a facsimile thereof) to be hereunto impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or duly authorized facsimile signature of its City Clerk, all as of the Dated Date identified above.

CITY OF CHICAGO

SEAL

Mayor

Attest:

City Clerk

Chief Financial Officer

[Form of Certificate of Authentication]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2019A Bonds described in the within-mentioned Indenture.

Date of Authentication and Delivery:

_____,
as Trustee

By: _____
Authorized Signatory

[Form of Bond-Reverse Side]

This Series 2019A Bond is one of a duly authorized issue of \$ _____ aggregate principal amount Water and Sewer Excise Tax Receipts Revenue Bonds, Taxable Series 2019A (Pension Funding) (the "*Series 2019A Bonds*"), issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois and a Trust Indenture dated as of _____ 1, 2019, as supplemented by a First Supplemental Indenture dated as of _____ 1, 2019 (the "*Indenture*"), by and between the City and the Trustee, for the purposes of financing a portion of the City's funding obligations to the Municipal Employees' Annuity and Benefit Fund of Chicago and making deposits to the _____ held under the

Indenture. The Series 2019A Bonds are Initial Bonds as defined in the Indenture. As provided in the Indenture, the principal of and interest on the Series 2019A Bonds are secured by a pledge of and lien on and security interest in the Trust Estate as defined and described in the Indenture. The Indenture provides that additional Initial Bonds and Refunding Bonds may be issued from time to time on a parity with the Series 2019A Bonds to share ratably and equally in the Trust Estate upon compliance with certain requirements contained in the Indenture (the Series 2019A Bonds and any additional Initial Bonds and Refunding Bonds from time to time outstanding are referred to collectively as the “*Bonds*”).

Copies of the Indenture are on file at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the City, the Trustee and the Registered Owners of the Bonds and the terms upon which the Bonds may be issued and secured.

This Series 2019A Bond is transferable, as provided in the Indenture, only upon the registration books of the City maintained by the Registrar by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender hereof with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new registered Series 2019A Bond or Bonds, in the same aggregate principal amount, maturity and interest rate, shall be issued to the transferee. The City, the Trustee, the Registrar and any Paying Agent may deem and treat the person in whose name this Series 2019A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes.

The Series 2019A Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Subject to the conditions and upon the payment of the charges (if any) provided in the Indenture, Series 2019A Bonds may be surrendered (accompanied by a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney) in exchange for an equal aggregate principal amount of Series 2019A Bonds of the same maturity and interest rate of any other authorized denominations.

The Series 2019A Bonds are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, at redemption prices determined pursuant to the Indenture.

The Series 2019A Bonds due January 1 of the years 20__, 20__ and 20__ are subject to mandatory redemption at the redemption price of par by the application of sinking fund installments as provided in the Indenture.

Notice of the redemption of Series 2019A Bonds will be mailed not less than 20 days nor more than 60 days prior to the date fixed for such redemption to the Registered Owners of Series 2019A Bonds to be redeemed at their last addresses appearing on such registration books. The Series 2019A Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Series 2019A Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Series 2019A Bonds or portions thereof shall cease to accrue and become payable.

The Indenture provides that if the City shall pay the principal or redemption price, if applicable, and interest due and to become due on all Bonds of a particular series, maturity within a series or portions of a maturity within a series at the times and in the manner stipulated therein and in the Indenture, then the pledge and lien created by the Indenture for such Bonds shall thereupon be discharged and satisfied. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust at or prior to their maturity or redemption date shall be deemed to have been paid if, among other things, the City shall have delivered to the Trustee either moneys in an amount which shall be sufficient or Defeasance Obligations (as defined in the Indenture), the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be. Defeasance Obligations and moneys so deposited with the Trustee shall be held in trust for the payment of the principal or redemption price, if applicable, of and interest on said Bonds.

The Registered Owner of this Series 2019A Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

(Please insert Social Security or other identifying number 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 as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.