



# City of Chicago



F2017-13

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	2/22/2017
<b>Sponsor(s):</b>	Dept./Agency
<b>Type:</b>	Communication
<b>Title:</b>	Notification of sale of note for refunding of Second Amended and Restated Promissory Note delivered August 25, 2012
<b>Committee(s) Assignment:</b>	



DEPARTMENT OF FINANCE  
CITY OF CHICAGO

February 9, 2017

RECEIVED  
#3  
2017 FEB -9 PM 4:06  
OFFICE OF THE  
CITY CLERK

Andrea M. Valencia  
City Clerk  
121 North LaSalle Street  
City Hall - Room 107  
Chicago, Illinois 60602

RE: Notification of Sale -- \$72,800,000 Promissory Note (the "Note")

Dear Ms. Valencia:

Attached is the Notification of Sale for the Note, which is required to be filed with your office pursuant to Article IX, Section 4 of the Revenue Ordinance adopted by the City Council of the City of Chicago (the "City Council") on November 16, 2016.

Please direct this filing to the City Council.

Very truly yours,

Carole L. Brown  
Chief Financial Officer

STATE OF ILLINOIS     )  
                                      ) SS  
COUNTY OF COOK     )

CITY OF CHICAGO  
\$72,800,000 PROMISSORY NOTE  
NOTIFICATION OF SALE

RECEIVED  
#3  
2017 FEB -9 PM 4:06  
OFFICE OF THE  
CITY CLERK

To: The City Council of the City of Chicago

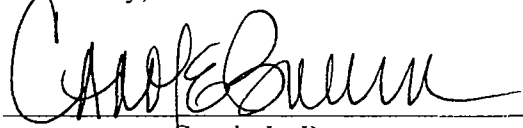
Please be advised that responsive to authority contained in an Ordinance (the "*Approving Ordinance*") adopted by the City Council (the "*City Council*") of the City of Chicago (the "*City*") on November 16, 2016, as amended by an Ordinance adopted by the City Council on January 25, 2017 (the "*Amending Ordinance*" and, together with the Approving Ordinance, the "*Ordinances*") authorizing the issuance of a promissory note of the City in the principal amount of up to \$91,000,000 (the "*Note*"), a Loan Agreement dated February 9, 2017 (the "*Loan Agreement*"), providing for the issuance of the Note by PNC Bank, National Association ("*PNC*"), was entered into by me as the Chief Financial Officer of the City and PNC.

Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Ordinances.

The proceeds of the Note will be used to provide funds for the purpose of refunding the Second Amended and Restated Promissory Note of the City delivered April 25, 2012 in the original principal amount of \$91,000,000. Attached hereto as Exhibit I is an executed copy of the Loan Agreement.

Pursuant to Section 3 of the Approving Ordinance, the undersigned hereby makes the following determinations: (a) the principal amount of the Note is \$72,800,000 and the designation and principal amount of the Note are set forth in the first paragraph hereof, (b) the Note matures on June 30, 2024 and is subject to prepayment as set forth in the Loan Agreement, (c) the interest rate on the Note is 3.55% and (d) the amounts and due dates of payments of principal on the Note are set forth in the Loan Agreement.

Respectfully submitted as of this 9<sup>th</sup> day of February, 2017.

A handwritten signature in black ink, appearing to read "Carole L. Brown", written over a horizontal line.

Carole L. Brown  
Chief Financial Officer

**EXHIBIT 1**

**LOAN AGREEMENT**

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LOAN AGREEMENT

Dated as of February 9, 2017

between

CITY OF CHICAGO

and

PNC BANK, NATIONAL ASSOCIATION

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Exhibit A	—	Form of Note
Exhibit B	—	Form of Compliance Certificate
Exhibit C	—	Ordinance



## LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*"), is entered into as of February 9, 2017, between the CITY OF CHICAGO, a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois (the "*City*"), with an address at 121 North LaSalle Street, 7th Floor, Chicago, Illinois 60602, and PNC BANK, NATIONAL ASSOCIATION (the "*Bank*"), with an address at One North Franklin Street, Suite 3600, Chicago, Illinois 60606.

The City and MRL Acquisition, LLC ( "*MRL Acquisition*") have previously entered into that certain Loan Agreement dated as of June 30, 2009 (as amended, the "*Original Loan Agreement*"). MRL Acquisition assigned its rights under the Original Loan Agreement to MRL Financing, LLC (the "*Prior Lender*"). The City and the Bank are entering into this Agreement to pay amounts owed to the Prior Lender under the Original Loan Agreement.

The City and the Bank, with the intent to be legally bound, agree as follows:

### SECTION 1. DEFINITIONS.

As used in this Agreement, the following terms have the meanings set forth below:

"*Affiliate*" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such first Person.

"*Authorized Officer*" means the Mayor, the Chief Financial Officer, the City Comptroller, the City Clerk or any other officer of the City authorized to act on its behalf.

"*Bank Secrecy Act*" means the Financial Record keeping and Reporting of Currency and Foreign Transactions Act of 1970 (31 U.S.C. 5311 et seq.), as amended, and any successor statute thereto.

"*Base Rate*" means, for any day, the highest of (a) the Prime Rate, (b) the Overnight Bank Funding Rate plus 1.0%, and (c) and seven percent (7%).

"*Business Day*" means any day other than a day on which banking institutions in the city in which the principal office of the Bank is located, or in Chicago, Illinois, are required or authorized by law to remain closed, or other than a day on which the New York Stock Exchange is closed.

"*Change in Law*" has the meaning set forth in Section 5.01 hereof.

"*City*" has the meaning set forth in the introductory paragraph hereto.

"*Closing Date*" means February 9, 2017, subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Section 7 hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases, (v) all Debts of others secured by a lien on any asset of such Person, whether or not such Debts are assumed by such Person, (vi) all Guarantees by such Person of Debt of other Persons, (vii) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility or other instrument, and (viii) net obligations of such Person under any Swap Contract.

"Default" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means a fluctuating interest rate per annum equal to the Base Rate from time to time in effect plus 3.0%.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

- (i) on the date when the City files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

- (ii) on the date when the Bank notifies the City that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the City of such notification from the Bank, the City shall deliver to the Bank a ruling or determination letter issued to or on behalf of the City by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that such Event of Taxability has occurred, such Event of Taxability shall not have occurred;

- (iii) on the date when the City shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the City, or upon any review or audit

of the City or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the City shall receive notice from the Bank that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank the interest on the Loan due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the City has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined without possibility of further appeal; *provided further, however*, that upon demand from the Bank, the City shall promptly reimburse the Bank for any payments, including any taxes, interest, penalties or other charges, the City shall be obligated to make as a result of the Determination of Taxability.

*"Disposition"* means the full or partial sale, lease, conveyance or other disposition of the Property.

*"EMMA"* means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

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

*"Event of Loss"* means, with respect to the Property, any material loss, destruction or damage of such Property.

*"Event of Taxability"* means a (i) change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the City, or the failure to take any action by the City, or the making by the City of any misrepresentation herein or in any certificate required to be given in connection with the making of the Loan) which has the effect of causing interest paid or payable on the Loan to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Loan to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

*"Excess Interest"* has the meaning set forth in Section 2.08(c) hereof.

"*Fitch*" means Fitch, Inc., and any successor rating agency.

"*General Obligation Debt*" means general obligation Debt payable from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purposes.

"*Generally Accepted Accounting Principles*" or "*GAAP*" means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the City.

"*Governmental Authority*" means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

"*Guarantee*" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the "*primary obligor*") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, or (ii) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee will be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "*Guarantee*" as a verb has a corresponding meaning.

"*Kroll*" means Kroll Bond Rating Agency, Inc., and any successor rating agency.

"*Lien*" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"*Loan*" has the meaning set forth in Section 2.01 hereof.

*"Loan Documents"* means this Agreement, the Note, the Ordinance and any and all other documents related to any of the foregoing or executed in connection therewith and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

*"Margin Stock"* has the meaning ascribed to such term in Regulation U promulgated by the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof, as now and hereafter from time to time in effect.

*"Material Adverse Effect"* means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the City; (b) a material impairment of the ability of the City to perform its obligations under this Agreement, the Note or the Ordinance; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the City of this Agreement, the Note or the Ordinance.

*"Maturity Date"* means June 30, 2024.

*"Maximum Rate"* means the lesser of (i) ten percent (10%) and (ii) the maximum non-usurious lawful rate of interest permitted by applicable law.

*"Net Cash Proceeds"* means, as applicable, (a) with respect to any Disposition, cash and cash equivalent proceeds received by or for the City's account, net of (i) reasonable direct costs relating to such Disposition, and (ii) sale, use or other transactional taxes paid or payable by the City as a direct result of such Disposition, and (b) with respect to any Event of Loss, cash and cash equivalent proceeds received by or for the City's account (whether as a result of payments made under any applicable insurance policy therefor or in connection with condemnation proceedings or otherwise), net of reasonable direct costs incurred in connection with the collection of such proceeds, awards or other payments.

*"Note"* means a promissory note made by the City in favor of the Bank evidencing the Loan made by the Bank, substantially in the form of Exhibit A.

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

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

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

*"Ordinance"* means, collectively, (i) that certain ordinance adopted by the City Council of the City on November 16, 2016, and (ii) the Transaction Ordinance, as amended or supplemented from time to time with the consent of the Bank.

*"Other Taxes"* has the meaning set forth in Section 5.02(a) hereof.

*"Overnight Bank Funding Rate"* means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (*"NYFRB"*), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the City.

*"Person"* means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

*"Prime Rate"* shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

*"Property"* means the parcels of real property identified in Exhibits A and B of the Ordinance, and all buildings, structures and personal property located thereon.

*"Rating"* means the long-term unenhanced debt ratings assigned by each of Fitch, S&P and Kroll to the City's General Obligation Debt secured by a levy of ad valorem taxes on all real property in the City (without giving effect to any credit enhancement securing such Debt).

*"Rating Agencies"* means Fitch, Kroll and S&P.

*"S&P"* means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor rating agency.

*"State"* means the State of Illinois.

"*Swap Contract*" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Taxable Date*" means the date on which interest on the Loan is first includable in gross income of the Bank as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

"*Taxable Period*" has the meaning set forth in Section 2.08(b)(i) hereof.

"*Taxable Rate*" means, with respect to a Taxable Period, the product of (i) the interest rate on the Loan during such period and (ii) 1.54.

"*Taxes*" has the meaning set forth in Section 5.02(a) hereof.

"*Transaction Ordinance*" means the ordinance adopted by the City in the form attached hereto as Exhibit C, adopted by the City Council on January 25, 2017

"*U.S. Dollars*" and "\$" each means the lawful currency of the United States of America.

## SECTION 2. TERM LOAN.

*Section 2.01. Term Loan.* Subject to the terms and conditions hereof, the Bank, by its acceptance hereof, agrees to make a loan (the "*Loan*") in U.S. Dollars to the City in an amount equal to \$72,800,000.00. The Loan shall be fully advanced on the Closing Date. No amount repaid or prepaid on the Loan may be borrowed again.

*Section 2.02. Interest Payments.* The Loan shall bear interest at a rate per annum ("*Fixed Rate*") which is at all times equal to three and 55/100 percent (3.55%). Interest will be calculated based on the actual number of days that principal is outstanding over a year of 365/366 days, as applicable. In no event will the rate of interest hereunder exceed the Maximum Rate. Interest shall be due and payable quarterly, commencing on March 31, 2017, and continuing on the last Business Day of each June, September, December and March thereafter

until the maturity of the Loan (whether scheduled, by acceleration or otherwise), on which date all accrued interest shall be due and payable in full.

*Section 2.03. Principal Payment.* The City shall make principal payments on the Loan in installments on the last day of each June and December in each year, commencing on June 30, 2019, with the amount of each such principal installment to equal the amount set forth in Column B below shown opposite of the relevant due date as set forth in Column A below:

COLUMN A	COLUMN B
PAYMENT DATE	SCHEDULED PRINCIPAL PAYMENT ON LOAN
06/30/2019	\$ 6,618,181.82
12/31/2019	\$ 6,618,181.82
06/30/2020	\$ 6,618,181.82
12/31/2020	\$ 6,618,181.82
06/30/2021	\$ 6,618,181.82
12/31/2021	\$ 6,618,181.82
06/30/2022	\$ 6,618,181.82
12/31/2022	\$ 6,618,181.82
06/30/2023	\$ 6,618,181.82
12/31/2023	\$ 6,618,181.82
06/30/2024	\$ 6,618,181.82

A final payment of all principal and interest not sooner paid on the Loan shall be due and payable on the Maturity Date.

*Section 2.04. Payments Generally.* If any payment hereunder shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal, which shall be applied first, to the next scheduled payment of interest, second, to the next scheduled payment of principal, unless otherwise specified to be payment made for any fees, expenses or other obligations due to the Bank.

*Section 2.05. Prepayments.* The City shall have the right to prepay the Loan at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to Section 2.06 hereof.

*Section 2.06. Break Funding Indemnification.* The City agrees to indemnify the Bank against any liabilities, losses or expenses (including, without limitation, loss of margin, any loss or expense sustained or incurred in liquidating or employing deposits from third parties, and any loss or expense incurred in connection with funds acquired to effect, fund or maintain the Loan



(or any part thereof)) which the Bank sustains or incurs as a consequence of either (i) the City's failure to make a payment on the due date thereof, (ii) the City's revocation (expressly, by later inconsistent notices or otherwise) in whole or in part of any notice given to the Bank to prepay the Loan (or any part thereof), or (iii) the City's payment or prepayment (whether voluntary, after acceleration of the maturity of the Loan or otherwise) on a day other than the regularly scheduled due date therefor. A notice as to any amounts payable pursuant to this paragraph given to the City by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The City's indemnification obligations hereunder shall survive the payment in full of the Loan and all other amounts payable hereunder.

*Section 2.07. Evidence of Debt.* The Loan made by the Bank shall be evidenced by one or more accounts or records maintained by the Bank in the ordinary course of business. The accounts or records maintained by the Bank shall be conclusive absent manifest error of the amount of the Loan made by the Bank to the City and the interest and payments thereon. Any failure to so record or any error in doing so will not, however, limit or otherwise affect the obligation of the City hereunder to pay any amount owing with respect to the Obligations. The City shall execute and deliver to the Bank a Note, which evidences the Bank's Loan in addition to such accounts or records. The Bank may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loan and payments with respect thereto.

*Section 2.08. Interest Rate Adjustments.*

(a) *Default Rate.* Upon maturity, whether by acceleration, demand or otherwise, and at the Bank's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, the Obligations outstanding hereunder (including, without, limitation the Loan) shall bear interest at a rate per annum (based on a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as the case may be, and actual days elapsed) equal to the Default Rate. The Default Rate shall continue to apply whether or not judgment shall be entered on this Agreement or the Note. The Default Rate is imposed as liquidated damages for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments, but is in addition to, and not in lieu of, the Bank's exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or attorneys which the Bank may employ. In addition, the Default Rate reflects the increased credit risk to the Bank of carrying a loan that is in default. The City agrees that the Default Rate is a reasonable forecast of just compensation for anticipated and actual harm incurred by the Bank, and that the actual harm incurred by the Bank cannot be estimated with certainty and without difficulty.

(b) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, to the extent not payable to the Bank under the terms of the Ordinance, the City hereby agrees to pay to the Bank on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bank on the Loan during the period for which interest on the Loan is included in the gross income of the Bank if the Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the the Bank during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Bank as a result of interest on the Loan

becoming included in the gross income of the Bank, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Bank in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Bank shall afford the City the opportunity, at the City's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Loan to be included in the gross income of the Bank or (2) any challenge to the validity of the tax exemption with respect to the interest on the Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Bank be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the City or any other Person; and

(iii) As a condition precedent to the exercise by the City of its right to contest set forth in clause (ii) above, the City shall, on demand, immediately reimburse the Bank for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bank in its sole discretion) that may be incurred by the Bank in connection with any such contest, and shall, on demand, immediately reimburse the Bank for any and all penalties or other charges payable by the Bank for failure to include such interest in its gross income.

(c) *Maximum Rate.* If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the City shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred *Excess Interest* as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred *Excess Interest* shall continue to apply to such unpaid amounts hereunder until the earlier of (i) the date on which (A) all of the City's obligations hereunder have been paid in full (other than *Excess Interest* which has not been recaptured in accordance with this Section 2.08(c)) and (B) this Agreement has terminated in accordance with its terms, and (ii) the date on which all deferred *Excess Interest* is fully paid to the Bank.

*Section 2.09. General Obligation.* Notwithstanding any other provision of this Agreement to the contrary, all Obligations of the City to the Bank hereunder are full faith and credit general obligations of the City, for the payment of which the City pledges its full faith and credit and resources. This Agreement constitutes a "Financing Agreement." The City's Obligations constitute "Financing Payment Obligations."

### SECTION 3. REPRESENTATIONS AND WARRANTIES.

The City hereby makes the following representations and warranties, which shall be continuing in nature and remain in full force and effect until the Obligations are paid in full, and which shall be true and correct except as otherwise set forth herein:

*Section 3.01. Due Authorization.* The City has or had, at the applicable time, full legal right, power and authority to (i) adopt the Ordinance, and (ii) enter into, execute and deliver this Agreement and the Note.

*Section 3.02. Enforceability.* No further authorization or approval is required for the City's execution and delivery of this Agreement or the Note, and this Agreement and the Note constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity; and no further authorization or approval is required with respect to the enforceability of the City's obligations hereunder or thereunder.

*Section 3.03. Ordinance.* The City Council duly adopted the Ordinance, which is in full force and effect. This Agreement and the Note have been duly authorized, executed and delivered by authorized officers of the City, and are in full force and effect. The City has complied in all material respects with the Ordinance and the Constitution of the State.

*Section 3.04. Consents.* All approvals, consents, registrations, declarations and filings (except, if any, under applicable state blue sky or securities laws) with, any federal, state or other governmental body or instrumentality, having jurisdiction which would constitute a condition precedent to the performance by the City of its obligations hereunder, under the Ordinance or under the Note have been obtained or made.

*Section 3.05. No Violation.* The adoption of the Ordinance and compliance with the provisions thereof do not, and the execution and delivery of this Agreement and the Note do not and will not violate any existing law or administrative regulation of the State or of any department, division, agency or instrumentality thereof or of the United States, or any court or administrative regulation, judgment, decree or order to which the City is subject, or conflict with in a material manner or constitute on the part of the City a material breach of, or a material default under, any material provision of any agreement, indenture, mortgage, lease, note, ordinance, resolution, agreement or other instrument to which the City is subject or by which it is bound.

*Section 3.06. Litigation.* Except as disclosed to the Bank in writing prior to the execution of this Agreement, no action, suit or proceeding, at law or in equity, or before any court, public board or body is pending (or to the knowledge of the City threatened) against the City or any officers of the City in their respective capacities as such (i) to restrain or enjoin the execution and delivery by the City of this Agreement or the Note, or (ii) questioning the authority of the City to enter into this Agreement, the validity of this Agreement or the Note or any other General Obligation Debt of the City or (iii) questioning the constitutionality of any statute or the validity of any proceedings authorizing such Note or this Agreement, or (iv) which could materially adversely affect the business, financial condition or results of operations of the City.

*Section 3.07. Security.* The Ordinance creates, for the benefit and security of the City's Obligations hereunder and under the Note, a legally valid, binding and enforceable pledge of the City's full faith and credit. The City's Obligations are on a parity with the City's other General

Obligation Debt. The City's Obligations hereunder and under the Note are general obligations of the City, subject to an ongoing appropriation, for the payment of which the City's full faith and credit and resources have been irrevocably pledged.

*Section 3.08. Organization.* The City is a municipal corporation and "home rule unit" as that term is defined in Section 6 of Article VII of the 1970 Constitution of the State.

*Section 3.09. Financial Statements.* The most recent audited financial statements of the City posted on the City's website and made available to the Bank fairly present the financial position and results of operation of the City as of December 31, 2015, and such financial statements have been prepared in accordance with generally accepted accounting principles as consistently applied to governmental units, except as otherwise noted therein. Except as otherwise disclosed in writing by the City to the Bank prior to the Closing Date, to the knowledge of the City's Chief Financial Officer, no material adverse change in the financial position of the City as shown on such financial statements has occurred since December 31, 2015.

*Section 3.10. Absence of Default.* The City is not in default under any material provision of the Ordinance or under the Note. The City is not in default under any material agreements or instruments to the extent such default would have a material adverse effect on the security for the Obligations or the City's ability to make payment with respect thereto. No Default or Event of Default has occurred and is continuing hereunder.

*Section 3.11. Environmental Laws.* Except as disclosed to the Bank in writing, the City has not received notice to the effect that the operations of the City are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action would have a material adverse effect on the City's ability to pay its obligations under this Agreement or the Note.

*Section 3.12. No Proposed Legal Changes.* There is no amendment, or to the knowledge of the City, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of Illinois or any published administrative interpretation of the Constitution of the State of Illinois or any State of Illinois law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the ability of the City to perform its obligations under the Ordinance, this Agreement or the Note.

*Section 3.13. Legislation.* All legislation necessary to fulfill the terms and conditions of, and to carry out the transactions contemplated by, this Agreement and the Note.

*Section 3.14. Incorporation of Representations and Warranties.* The City hereby makes to the Bank the same representations and warranties as were made by it in the Note to which it is a party, which representations and warranties, together with the related definitions of terms

contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety.

*Section 3.15. Compliance with Laws.* The City is in compliance in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the properties, business, revenues, condition (financial or otherwise), or the City's ability to perform any of its obligations under this Agreement, the Ordinance, or the Note.

*Section 3.16. ERISA.* The City does not maintain or contribute to, and has not maintained or contributed to, any employee pension benefit plan that is subject to Title IV of ERISA or that is subject to the minimum funding standards under Section 412 of the Code.

*Section 3.17. OFAC Sanctions.* To the actual knowledge of the Chief Financial Officer, the City (i) is in compliance with the requirements of all OFAC Sanctions Programs, and (ii) is not, as of the date hereof, named on the current OFAC SDN List.

*Section 3.18. Solvent.* The City is solvent.

*Section 3.19. Disclosure.* All information heretofore furnished by the City to the Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby (and the ability of the City to perform its obligations under this Agreement or the Note) is, and all such information hereafter furnished by the City to the Bank will be, true, accurate and complete in all material respects or based on reasonable estimates on the date as of which such information is stated or certified and such information does not omit to state a material fact necessary to make such statements and information, in light of the circumstances under which they were made, not misleading in any material respect. The City has disclosed to the Bank in writing any and all facts which materially and adversely affect or may affect (to the extent the City can now reasonably foresee), the business, operations, prospects or condition, financial or otherwise, of the City, or the ability of the City to perform its obligations under this Agreement or the Note.

*Section 3.20. Margin Stock.* The City is not engaged, and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), or extending credit for the purpose of purchasing or carrying Margin Stock.

*Section 3.21. Investment Company.* The City is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4. COVENANTS.

*Section 4.01. Affirmative Covenants.* The City agrees that from the date of execution of this Agreement until all Obligations have been paid in full and any commitments of the Bank to the City have been terminated, the City will:

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

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

(i) within two hundred seventy (270) days after the close of each of its fiscal years, the audited financial statements of the City certified by independent certified public accountants covering the operations of the City for such fiscal year and containing balance sheets, statements of revenues, expenses and changes in retained earnings and statements of cash flows of the City for such fiscal year, all prepared in accordance with GAAP, which the City shall deliver to the Bank or ensure that they have been posted electronically on a website that the Bank has access to;

(ii) within forty-five (45) days after the approval thereof, the annual appropriation ordinance of the City which shall include the annual budget of the City, which the City shall deliver to the Bank or ensure that such information has been posted electronically on a website that the Bank has access to;

(iii) within ten (10) Business Days of the Bank's written request, a certificate in the form of Exhibit B hereto stating that no Default or Event of Default has occurred which was continuing at the end of such fiscal year and on the date of such certificate or, if a Default or Event of Default has occurred and is continuing, a certificate indicating the nature of such event and the action which the City proposes to take with respect thereto, *provided that* such certificate shall not be required to be delivered earlier than 45 days after the end of each fiscal year of the City;

(iv) from time to time, with reasonable promptness, such additional information regarding the financial condition of the City as the Bank may reasonably request in writing; and

(v) from time to time, with reasonable promptness, such additional information regarding the Property as the Bank may reasonably request in writing.

(c) *Book and Records; Inspection of Records.* The City shall keep adequate records and books of account in which complete entries will be made reflecting all material financial transactions of the City. Upon the reasonable request of the Bank and during normal business hours, the City will give the Bank, or any attorney-in-fact or counsel therefor, access to and permission to examine, copy or make excerpts from any and all books, records and documents under control of the Chief Financial Officer relating to the financial condition of the City and, to the extent permitted by applicable law, permission to visit the properties of the City and to discuss the affairs, finances and accounts of the City with any of the City's officers, trustees and independent auditors (and by this provision the City authorizes said auditors to discuss with the Bank and its agents and representatives the affairs, finances and accounts of the City).

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

(e) *Notices.* The City shall promptly furnish, or cause to be furnished, to the Bank (i) notice of the occurrence of any Event of Default as defined herein within five (5) Business Days after the occurrence thereof (other than any Event of Default that the Bank has given written notice to the City of), (ii) notice of any litigation or administrative proceeding which, if adversely determined, would materially adversely affect the ability of the City to pay its obligations under this Agreement or under the Note, (iii) a copy of any reportable event notice (as described in paragraph b(5)(i)(C) of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12)) with respect to any General Obligation Debt of the City, disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements (delivery of notice of any such event shall be deemed satisfied if notice has been filed with EMMA and is publicly available), (iv) notice of any change in the City's Ratings within five (5) days of such change taking effect, and (v) such further financial and other information with respect to the City and its affairs as the Bank may reasonably request from time to time.

(f) *Maintenance of Approvals; Filings, Etc.* The City shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations that may be necessary under any applicable law or regulation (i) for its execution and delivery of this Agreement and the Note and (ii) with respect to the Ordinance to the extent that failure to do so would have a material adverse effect on the City's ability to perform its obligations under this Agreement, the Note or the Ordinance, the City's ability to pay when due its Obligations under this Agreement or the Note.

(g) *Use of Proceeds.* The City agrees to use the proceeds of the Loan to pay to the Prior Lender amounts outstanding under the Original Loan Agreement.

(h) *Ratings.* The City shall, at all times, cause to be maintained a long-term unenhanced rating on its General Obligation Debt secured by a levy of ad valorem taxes on all real property in the City by at least one Rating Agency.

(i) *Compliance with Ordinance.* From and after the date hereof and so long as this Agreement is in effect, except to the extent compliance in any case or cases is waived in writing by the Bank, the City agrees that it will, for the benefit of the Bank, comply with in all material respects abide by all material obligations and undertakings relating to this Agreement and the Loan Documents contained in the Ordinance, as amended from time to time. No amendment or waiver of the Ordinance with respect to the foregoing provisions shall be effective as to this Agreement unless and until specifically agreed to in writing by the Bank with reference to this Agreement.

(j) *Budget and Appropriation.* The City agrees to include any and all obligations due hereunder and under the Loan Documents in each fiscal year of the City in its annual budget and to make the necessary annual appropriations for all such Obligations. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance, of the official duty of such officials to enable the City to carry out and perform such covenants and agreements. The City agrees to seek additional appropriations if any amounts in excess of the regularly scheduled payments due hereunder and under the Loan Documents become due during any fiscal year.

(k) *Liens on the Property.* The City shall not create, incur or permit to exist any Lien of any kind on the Property.

(l) *Prepayment of Loan upon Disposition or Event of Loss.* (i) If the City shall at any time or from time to time make or agree to make a Disposition or shall suffer an Event of Loss with respect to the Property, then the City shall promptly notify the Bank of such proposed Disposition or Event of Loss (including the amount of the estimated Net Cash Proceeds to be received by the City in respect thereof) and, promptly upon receipt by the City of the Net Cash Proceeds of such Disposition or Event of Loss, the City shall prepay the Obligations in an aggregate amount equal to 100% of the amount of all such Net Cash Proceeds. The City shall not allow such Net Cash Proceeds to be pledged or otherwise encumbered for any purpose other than for the repayment of the Loan as set forth herein.

(ii) If the City is required to prepay the Obligations with Net Cash Proceeds pursuant to the foregoing paragraph (i) but such Net Cash Proceeds are insufficient to fully prepay the Obligations, then the City shall issue bonds or draw on its short-term borrowing program in an amount sufficient to fully prepay such shortfall within one hundred eighty (180) days of the receipt of such Net Cash Proceeds.



## SECTION 5. INCREASED COSTS AND TAXES.

*Section 5.01. Increased Costs.* On written demand, together with written evidence of the justification therefor, the City agrees to pay the Bank all direct costs incurred, any losses suffered or payments made by the Bank as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets relative to the Loan. "Change in Law" means the occurrence, after the date hereof, of any of the following: (i) the adoption or taking effect of any law, rule, regulation or treaty; (ii) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

*Section 5.02. Net of Taxes, Etc. (a) Taxes.* Any and all payments to the Bank by the City hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed as a result of a Change in Law, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If as a result of a Change in Law, the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof or any other taxing authority from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section to or for the benefit of the Bank with respect to Taxes and the Bank (in its discretion as to the extent, order and means in which it does so) shall claim (and receive and retain) any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the City an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and, if as a result of a Change in Law, any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of Illinois or any

other political subdivision or taxing authority from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (hereinafter referred to as "*Other Taxes*"). The Bank shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the City to the Bank hereunder *provided* that the Bank's failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) *Payment of Taxes.* The City shall, to the fullest extent permitted by law, pay the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City shall not be obligated to pay the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section. Payments by the City pursuant to this section shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 5.02 and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Bank or the City reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the City under this Section shall survive the termination of this Agreement.

## SECTION 6. EVENTS OF DEFAULT.

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

- (a) the City fails to pay, or cause to be paid, when due, (i) any amount of principal of or interest on the Loan or (ii) any other Obligation owing to the Bank hereunder and such failure continues for a period of five (5) Business Days;

(b) any representation, warranty or statement made by or on behalf of the City herein or in any certificate delivered pursuant hereto or thereto proves to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the City (including unaudited financial reports, budgets, projections and cash flows of the City) furnished to the Bank by or on behalf of the City in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the City fails to perform or observe any term, covenant or agreement contained in Section 4.01(e)(i), 4.01(i) or 4.01(j) hereof; (ii) the City fails to perform or observe any term, covenant or agreement contained in Section 4.01(c) hereof and any such failure cannot be cured or, if curable, remains uncured for ten (10) Business Days after written notice thereof to the City; (iii) the City fails to perform the covenant set forth in Section 4.02(b) hereof and such failure remains uncured for ninety (90) days; or (iv) the City fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 6.01(a), (c)(i) and (c)(ii)) and any such failure cannot be cured or, if curable, remains uncured after the earlier to occur of thirty (30) days after (A) written notice thereof to the City or (B) knowledge by responsible officers of the City of the occurrence thereof; *provided, however*, that such default will not constitute an Event of Default after such thirty (30) day period of time as, if in the sole judgment of the Bank, the City is diligently pursuing a cure or correction of such default; *provided, further*, that such cure period shall not exceed sixty (60) days from the date of such default without receipt of the Bank's written consent to such extension;

(d) the City defaults in any payment of principal of or premium, if any, or interest on any of its General Obligation Debt and such default continues beyond the expiration of the applicable grace period, if any, or the City fails to perform any other agreement, term or condition contained in any agreement under which any such obligation is created or secured, which permits or results in the declaring due and payable of such obligation prior to the date on which it would otherwise have become due and payable;

(e) any material provision of this Agreement, the Note or the Ordinance at any time for any reason ceases to be valid and binding on the City or any other party thereto or is declared to be null and void, or the validity or enforceability thereof is contested in writing by an Authorized Officer of the City or such other party thereto or by any Governmental Authority having jurisdiction, or the City or such other party denies in writing that it has any or further liability or obligation under any such document and the occurrence of any such event would have a material adverse effect on the City's ability to pay its obligations under this Agreement;

(f) any provision of this Agreement, the Note or the Ordinance relating to the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank, or any material provision thereof ceases to be in full force or

effect, or an Authorized Officer of the City denies or disaffirms the City's obligations under the Agreement, the Note or the Ordinance;

(g) one or more final, unappealable judgments against the City not covered by insurance, or attachments against the property of the City, the operation or result of which, individually or in the aggregate, equals or exceeds \$25,000,000 remains unpaid, undischarged, unbonded or undismissed for a period of sixty (60) days;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest relating to any General Obligation Debt of the City; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the City seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the City seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the City's property, or the City makes a general assignment for the benefit of its creditors; (iv) there is commenced against the City any case, proceeding or other action of a nature referred to in clause (ii) above which (A) results in an order for such relief or in the appointment of a receiver or similar official or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; (v) there is commenced against the City any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days after the entry thereof; (vi) the City takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the City generally does not, or is unable to, or admits in writing its inability to, pay its debts as they become due; or

(i) any two of Fitch, Kroll and S&P downgrade their long-term unenhanced ratings of any General Obligation Debt of the City secured by a levy of ad valorem taxes on all real property in the City to below "BBB-" (or its equivalent), "BBB-" (or its equivalent), or "BBB-" (or its equivalent), respectively, or suspend or withdraw its rating of the same (in either case, unless the applicable Rating Agency shall have stipulated in writing that such withdrawal or suspension is for a non-credit related reason).

*Section 6.02. Remedies.* If any Event of Default occurs and is continuing, the Bank may take any or all of the following actions:

(a) declare the unpaid principal amount of the Loan, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under the Note to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the City; *provided, however*, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the City under the Bankruptcy Code of the United States, the unpaid principal amount of the

Loan and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Bank; and

(b) exercise all rights and remedies available to the Bank under this Agreement, the Note or applicable law or equity.

#### SECTION 7. CONDITIONS.

This Agreement shall become binding on the parties hereto upon the satisfaction of the following conditions precedent (all Loan Documents and other documents to be delivered to the Bank pursuant to this Section 7 are subject to prior approval as to form and substance by the Bank, with delivery by the Bank of its signature page to this Agreement evidencing such Person's acknowledgement that the conditions set forth in this Section 7 have been satisfied, unless otherwise waived in writing):

(a) The Bank's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by an Authorized Officer of the City, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Bank:

(i) executed counterparts of this Agreement;

(ii) the Note executed by the City in favor of the Bank;

(iii) a certified copy of the Ordinance and any other ordinances of the City's City Council (or similar governing body) authorizing the execution, delivery and performance of this Agreement, the Note and the Ordinance and the consummation of the transactions contemplated hereby and thereby, in form and substance satisfactory to the Bank, and shall include, without limitation, an irrevocable, continuing appropriation for the Obligations hereunder, together with specimen signatures of the persons authorized to execute such documents on the City's behalf, all certified in each instance by the City Clerk;

(iv) a favorable opinion of counsel to the City acceptable to the Bank addressed to the Bank, as to the matters set forth concerning the City and this Agreement, the Note and the Ordinance in form and substance satisfactory to the Bank;

(v) from bond counsel, opinions to the effect that the interest on the Loan is excludable from gross income for federal income tax purposes and such other customary matters as the Bank may reasonable request.

(vi) a certificate signed by an Authorized Officer of the City certifying (A) that the conditions specified below in subsections (b) and (c) have been satisfied, and (B) that there has been no event or circumstance since

December 31, 2015 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(vii) recent evidence that the unenhanced long-term General Obligation Debt of the City secured by a levy of ad valorem taxes on all real property in the City has been assigned long-term ratings of at least "BBB+" by Kroll, "BBB+" by S&P and "BBB-" by Fitch, respectfully;

(viii) the Bank shall have received a copy of a pay-off letter from the Prior Lender setting forth, among other things, the total amount of Debt outstanding and owing to them; and

(ix) such other assurances, certificates, documents, consents or opinions as the Bank reasonably may require.

(b) The representations and warranties of the City contained in Section 3 hereof or in the Ordinance, or which are contained in any document furnished at any time under or in connection herewith or therewith, are true and correct on and as of the Closing Date.

(c) No Default or Event of Default exists, or would result from the making of the Loan or from the application of the proceeds thereof.

#### SECTION 8. EXPENSES AND INDEMNIFICATION.

(a) The City shall pay (i) promptly after closing and upon receipt of an invoice, all reasonable out-of-pocket expenses incurred by the Bank (including the reasonable fees, charges and disbursements of counsel for the Bank), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Note or any amendments, modifications or waivers of the provisions hereof or thereof, and (ii) all out-of-pocket expenses incurred by the Bank (including the fees, charges and disbursements of any counsel for the Bank), and shall pay all fees and time charges for attorneys who may be employees of the Bank, in connection with the enforcement or protection of its rights (A) in connection with this Agreement, the Note and the Ordinance, including its rights under this Section, or (B) in connection with the Loan made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loan.

(b) To the extent permitted by law, the City agrees to indemnify and hold harmless the Bank, its officers, directors, employees and agents (each an "*Indemnified Party*") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses (including reasonable fees and disbursements of counsel to the Bank approved by the City provided that Chapman and Cutler LLP is hereby approved by the City) whatsoever which an Indemnified Party may incur (or which may be claimed against an Indemnified Party by any Person) by reason of or in connection with the execution and delivery of and consummation of the transactions contemplated under this Agreement and the Loan Documents, including, without limitation, the execution and delivery of, or payment or failure to pay by any Person under, this

Agreement; *provided, however*, that the City shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Bank in performing its obligations under this Agreement. Nothing in this paragraph is intended to limit the obligations of the City to pay its obligations hereunder and under the Loan Documents to which the City is a party. The provisions of this paragraph shall survive the termination of this Agreement and the payment in full of the Obligations of the City hereunder. Each Indemnified Party shall notify the City of any amounts which are owed to such Indemnified Party pursuant to this paragraph.

## SECTION 9. MISCELLANEOUS.

*Section 9.01. Notices.* All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("*Notices*") must be in writing (except as may be agreed otherwise above with respect to borrowing requests) and will be effective upon receipt. Notices may be given in any manner to which the parties may separately agree, including electronic mail. Without limiting the foregoing, first-class mail, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. Regardless of the manner in which provided, Notices may be sent to a party's address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this section.

*Section 9.02. Preservation of Rights.* No delay or omission on the Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Bank's action or inaction impair any such right or power. The Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity.

*Section 9.03. Illegality.* If any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Agreement.

*Section 9.04. Changes in Writing.* No modification, amendment or waiver of, or consent to any departure by the City from, any provision of this Agreement will be effective unless made in a writing signed by the party to be charged, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Bank may modify this Agreement or any of the other Loan Documents for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, *provided* that the Bank shall send a copy of any such modification to the City (which notice may be given by electronic mail). No notice to or demand on the City will entitle the City to any other or further notice or demand in the same, similar or other circumstance.

*Section 9.05. Entire Agreement.* This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

*Section 9.06. Counterparts.* This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile or e-mail transmission shall promptly deliver a manually executed counterpart, *provided* that any failure to do so shall not affect the validity of the counterpart executed by facsimile or e-mail transmission.

*Section 9.07. Successors and Assigns.* This Agreement will be binding upon and inure to the benefit of the City and the Bank and their respective heirs, executors, administrators, successors and assigns; *provided, however*, that the City may not assign this Agreement in whole or in part without the Bank's prior written consent and the Bank at any time may assign this Agreement in whole or in part.

*Section 9.08. Interpretation.* In this Agreement, unless the Bank and the City otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. Unless otherwise specified in this Agreement, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with GAAP. If this Agreement is executed by more than one party as City, the obligations of such persons or entities will be joint and several.

*Section 9.09. No Consequential Damages, Etc.* The Bank will not be responsible for any damages, consequential, incidental, special, punitive or otherwise, that may be incurred or alleged by any person or entity, including the City, as a result of this Agreement, the other Loan Documents, the transactions contemplated hereby or thereby, or the use of the proceeds of the Loan.

*Section 9.10. Assignments and Participations.* At any time, without any notice to the City (except so hereinafter provided), the Bank may sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of all or any part of the Bank's interest in the Loan. The City hereby authorizes the Bank to provide, without any notice to the City, any information concerning the City, including information pertaining to the City's financial condition, business operations or general creditworthiness, to any person or entity which may succeed to or participate in all or any part of the Bank's interest in the Loan. Any sale, assignment, transfer, negotiation or disposition (other than any such action consented to by the City) must be to an "accredited investor" as defined in Regulation D of the Securities Act of 1933 (the "1933 Act") or a "qualified institutional buyer" within the meaning of Section 144A of the 1933 Act. The



Bank shall give the City thirty (30) days' notice prior to taking any such action. Unless, within 30 days of such notice the City objects to any such sale, assignment, transfer, negotiation or disposition on the grounds that the new entity is an entity that the City is not authorized to conduct business with the Bank may proceed with such action. Notwithstanding the foregoing, the Bank shall not be required to notify the City of any such action following the occurrence of an Event of Default hereunder. No notification of the City shall be required in connection with the granting of a participation in the Bank's interest in the Loan.

*Section 9.11. USA PATRIOT Act Notice.* The Bank hereby notifies the City that pursuant to the requirements of the USA PATRIOT Act, the Bank is required to obtain, verify and record information that identifies the City and any Obligors (as defined in the Note), which information includes the name and address of the City and any Obligors and other information that will allow the Bank to identify the City and any Obligors in accordance with the USA PATRIOT Act.

*Section 9.12. Reserved.*

*Section 9.13. Confidentiality.* In connection with the Obligations, this Agreement and the other Loan Documents, the Bank and the City will be providing to each other, whether orally, in writing or in electronic format, nonpublic, confidential or proprietary information (collectively, "Confidential Information"). Each of the City and the Bank agrees (i) to hold the Confidential Information of the other in strict confidence; (ii) not to disclose or permit any other person or entity access to the Confidential Information of the other party, except for disclosure or access to a party's affiliates and its or their employees, officers, directors, agents, representatives, or other third parties that provide or may provide ancillary support relating to the Obligations, this Agreement and/or the other Loan Documents and require disclosure or access in the course of employment or services, or to its external or internal auditors or regulatory authorities, and (iii) not to use such Confidential Information except in connection with the Obligations and for the purposes of this Agreement and the other Loan Documents. It is understood and agreed that the obligation to protect such Confidential Information shall be satisfied if the party receiving such Confidential Information utilizes the same control (but no less than reasonable) as it does to avoid disclosure of its own confidential and valuable information. It is also understood and agreed that no information shall be within the protection of this Agreement where such information: (a) is or becomes publicly available through no fault of the party to whom such Confidential Information has been disclosed; (b) is released by the originating party to anyone without restriction; (c) is rightly obtained from third parties who are not, to such receiving party's knowledge, under an obligation of confidentiality; or (d) is required to be disclosed by subpoena or similar process of applicable law or regulations, including specifically the Freedom of Information Act, 5 ILCS 140/1, et seq. and the Local Records Act, 50 ILCS 205/1, et seq.

For the purposes of this Agreement, Confidential Information of a party shall include, without limitation, any financial information, scientific or technical information, design, process, procedure or improvement and all concepts, documentation, reports, data, data formats, specifications, computer software, source code, object code, user manuals, financial models, screen displays and formats, software, databases, inventions, knowhow, showhow and trade secrets, whether or not patentable or copyrightable, whether owned by a party or any third party, together with all memoranda, analyses, compilations, studies, notes, records, drawings, manuals

or other documents or materials which contain or otherwise reflect any of the foregoing information.

Each of the City and the Bank agrees to return to the other or destroy all Confidential Information of the other upon the termination of this Agreement; *provided, however*, each party may retain such limited information for customary archival and audit purposes only for reference with respect to prior dealings between the parties subject at all times to the continuing terms of this Section 9.13.

Each of the City and the Bank agrees not to use the other's name or logo in any marketing, advertising or related materials, without the prior written consent of the other party.

*Section 9.14. Sharing Information with Affiliates of the Bank.* The City acknowledges that from time to time other financial and banking services may be offered or provided to the City or one or more of its subsidiaries and/or affiliates (in connection with this Agreement or otherwise) by the Bank or by one or more subsidiaries or affiliates of the Bank or of The PNC Financial Services Group, Inc., and the City hereby authorizes the Bank to share any information delivered to the Bank by the City and/or its subsidiaries and/or affiliates pursuant to this Agreement or any of the Loan Documents to any subsidiary or affiliate of the Bank and/or The PNC Financial Services Group, Inc., subject to any provisions of confidentiality in this Agreement or any other Loan Documents.

*Section 9.15. Obligations Absolute.* The payment obligations of the City under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

- (a) any lack of validity or enforceability of this Agreement, the Note or the Ordinance;
- (b) any amendment or waiver of or any consent to departure from all or any of this Agreement, the Note or the Ordinance;
- (c) the existence of any claim, set-off, defense or other right which the City may have at any time against the Bank or any other person or entity, whether in connection with this Agreement, the other Loan Documents, the transactions contemplated herein or therein or any unrelated transaction; or
- (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

*Section 9.16. Compliance with OFAC Sanctions Program.* (a) Upon the request of the Bank, the City shall use reasonable efforts to provide the Bank with any information regarding the City which any Governmental Authority requires the Bank to obtain from the City in order for the Bank to comply with all applicable OFAC Sanctions Programs.

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

*Section 9.17. USA Patriot Act Notice.* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each borrower that opens an account. What this means: when the City opens an account, the Bank will ask for the business name, business address, taxpayer identifying number and other information that will allow the Bank to identify the City, such as organizational documents. For some businesses and organizations, the Bank may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

*Section 9.18. Counsel.* The City hereby represents that it has been represented by competent counsel of its choice, or has knowingly waived its right to use and retain counsel, in the negotiation and execution of this Agreement and the other Loan Documents; that it has read and fully understood the terms hereof; that the City and any retained counsel have been afforded an opportunity to review, negotiate and modify the terms of this Agreement and the other Loan Documents; and that it intends to be bound hereby. In accordance with the foregoing, the general rule of construction to the effect that any ambiguities in a contract are to be resolved against the party drafting the contract shall not be employed in the construction and interpretation of this Agreement or any other Loan Document.

*Section 9.19. Credit Agreements Act.* The City expressly agrees that for purposes of this Agreement and the other Loan Documents: (i) this Agreement and the Note shall be a "credit agreement" under the Illinois Credit Agreements Act, 815 ILCS 160/1, *et seq.* (the "*Credit Agreements Act*"); (ii) the Credit Agreements Act applies to this transaction including, but not limited to, the execution of this Agreement and the Note; and (iii) any action on or in any way related to this Agreement and the Note shall be governed by the Credit Agreements Act.

*Section 9.20. Governing Law and Jurisdiction.* THIS AGREEMENT HAS BEEN DELIVERED TO AND ACCEPTED BY THE BANK AND WILL BE DEEMED TO BE MADE IN THE STATE. THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE, EXCLUDING ITS CONFLICT OF LAWS RULES. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS SITTING IN COOK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE NOTE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURTS OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, IN SUCH FEDERAL COURTS. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN

ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT, THE NOTE OR THE ORDINANCE SHALL AFFECT ANY RIGHT THAT THE BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE NOTE OR THE ORDINANCE AGAINST CITY OR ANY OF ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION.

*Section 9.21. WAIVER OF JURY TRIAL.* EACH OF THE CITY AND THE BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE CITY AND THE BANK ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The City acknowledges that it has read and understood all the provisions of this Agreement, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

WITNESS the due execution hereof as a document under seal, as of the date first written above.

CITY OF CHICAGO

By: 

Name: Carole L. Brown

Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: Jonathan N. Casiano

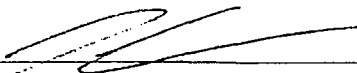
Title: Senior Vice President

WITNESS the due execution hereof as a document under seal, as of the date first written above.

CITY OF CHICAGO

By: \_\_\_\_\_  
Name: Carole L. Brown  
Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION

By:  \_\_\_\_\_  
Name: Jonathan N. Casiano  
Title: Senior Vice President

## EXHIBIT A

### FORM OF PROMISSORY NOTE

\$72,800,000.00

February 9, 2017

FOR VALUE RECEIVED, the undersigned CITY OF CHICAGO (the "*City*"), hereby promises to pay to PNC BANK, NATIONAL ASSOCIATION or registered assigns (the "*Bank*"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of the Loan made by the Bank to the City under that certain Loan Agreement dated as of February 9, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*," the terms defined therein being used herein as therein defined), between the City and the Bank.

The City promises to pay interest on the unpaid principal amount of the Loan from the date of the Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Bank in U.S. Dollars in immediately available funds as set forth in the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount will bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is the Note referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. The Loan made by the Bank will be evidenced by one or more loan accounts or records maintained by the Bank in the ordinary course of business. The Bank may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Loan and payments with respect thereto.

The City, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF  
THE STATE OF ILLINOIS.

CITY OF CHICAGO

By: \_\_\_\_\_

Name: Carole L. Brown

Title: Chief Financial Officer



**EXHIBIT B**

**FORM OF COMPLIANCE CERTIFICATE**

Financial Statement Date: \_\_\_\_\_, \_\_\_\_\_

To: PNC BANK, NATIONAL ASSOCIATION, as Bank

Ladies and Gentlemen:

Reference is made to that certain Loan Agreement dated as of February 9, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time-to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), between City of Chicago (the "*City*") and PNC Bank, National Association (the "*Bank*").

The undersigned Authorized Officer hereby certifies as of the date hereof that he/she is the \_\_\_\_\_ of the City, and that, as such, he/she is authorized to execute and deliver this Certificate to the Bank on the behalf of the City, and that:

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 4(b)(i) of the Agreement for the fiscal year of the City ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the City during the accounting period covered by the attached financial statements.

3. A review of the activities of the City during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the City performed and observed all its Obligations under the Agreement and the Note, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the City performed and observed each covenant and condition of the Agreement, the Note and the Ordinance applicable to it, and no Default or Event of Default has occurred and is continuing.]

--or--

[the following covenants or conditions have not been performed or observed and the following is a list of each such Defaults or Events of Default and their nature and status:]

4. The representations and warranties of the City contained in Section 3 of the Agreement, and/or any representations and warranties of the City that are contained in any document furnished at any time under or in connection with the Agreement, the Note and the Ordinance, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in Section 3.09 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (b)(i) and (b)(ii), respectively, of Section 4(b) of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of \_\_\_\_\_, \_\_\_\_\_.

CITY OF CHICAGO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT C

### ORDINANCE

WHEREAS, the City of Chicago (the "City") is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the Illinois Constitution of 1970; and

WHEREAS, on November 16, 2016, the City Council of the City (the "City Council") adopted the Substitute Revenue Ordinance for Fiscal Year 2017 (the "Revenue Ordinance"); and

WHEREAS, Article IX of the Revenue Ordinance authorized the issuance by the City of the Refunding Note (as defined therein) and execution of certain documents related thereto; and

WHEREAS, it has been determined that a clarification concerning the repayment obligation of the City on the Refunding Note as well as the provisions for the registration, transfer or exchange of the Refunding Note is necessary and desirable; now, therefore,

#### BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

*Section 1.* The City Council, after a public meeting heretofore held on this ordinance by the Committee on Finance of the City Council, pursuant to proper notice and in accordance with the findings and recommendations of such Committee, finds that all of the recitals contained in the preambles to this ordinance are full, true and correct and incorporates them into this ordinance by this reference.

*Section 2.* Article IX, Section 3 of the Revenue Ordinance is hereby amended by adding the following paragraphs at the end of such Section:

"The Refunding Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein.

The principal of and interest on the Refunding Note shall be paid by check, draft or wire transfer of funds by the City Comptroller, as registrar and paying agent (the "*Registrar*"), payable in lawful money of the United States of America to the persons in whose names the Refunding Note is registered at the close of business on the payment date. The obligation of the City to make payments on the Refunding Note shall be a direct and general obligation of the City for the payment of which (as to principal, interest and any other payments, if any, as appropriate) the City pledges its full faith and credit. The Refunding Note shall be payable (as to principal, interest and any other payments, if any, as appropriate) from any monies, revenues, receipts, income, assets or funds of the City legally available for such purpose, including, but not limited to, the proceeds of the sale of all or any portion of the Property.

The City shall appropriate, or otherwise provide, amounts sufficient to pay the principal of and interest on the Refunding Note and any other amounts payable thereunder or in connection

therewith to the payment of which the City has pledged its full faith and credit for the years such amounts are due, and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year, it fails to do so when otherwise required, this ordinance shall constitute a continuing appropriation of such amounts without any further action of the part of the City Council.

The seal of the City shall be affixed to or a facsimile thereof printed on the Refunding Note, and the Refunding Note shall be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and in case any officer whose signature shall appear on the Refunding Note shall cease to be such officer before the delivery of the Refunding Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Refunding Note shall have thereon a certificate of authentication duly executed by the Registrar, as authenticating agent of the City for the Refunding Note, and showing the date of authentication. The Refunding Note shall not be valid or obligatory for any purpose nor be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication shall be conclusive evidence that the Refunding Note has been authenticated and delivered under this ordinance.

The City shall cause books (the "Register") for the registration and for the transfer of the Refunding Note (to the extent that such transfer is permitted under the Refunding Loan Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the Refunding Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple Refunding Note blanks executed by the City for use in the transfer of the Refunding Note.

Upon surrender for a transfer of the Refunding Note authorized under the Refunding Loan Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Registrar (or his or her designee) on the instrument of transfer, as and to the extent required under the Refunding Loan Agreement, and (iv) any deliveries required under the Refunding Loan Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered Refunding Note of the same maturity, of authorized denomination, for the authorized principal amount of the Note less previous retirements. The execution by the City of a fully registered Refunding Note shall constitute full and due authorization of the Refunding Note and the Registrar shall thereby be authorized to authenticate, date and deliver the Refunding Note. The Registrar shall not be required to transfer or exchange the Refunding Note during the period beginning at the close of business on the 15<sup>th</sup> day of the month immediately prior to the maturity date of the Refunding Note nor to transfer or exchange the Refunding Note after notice calling the Refunding Note for prepayment has been made, nor during a period of five days next preceding mailing of a notice of prepayment of principal of the Refunding Note. No beneficial

interest in the Refunding Note shall be assigned, except in accordance with the procedures for transferring the Refunding Note as described above.

The person in whose name the Refunding Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest, if any, on the Refunding Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Refunding Note to the extent of the sum or sums so paid.

The City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge, if any, that may be imposed by a governmental authority other than the City in connection with any transfer of the Refunding Note.

The provisions of this ordinance shall constitute a contract between the City and the registered owner of the Refunding Note. All covenants relating to the Refunding Note are enforceable by the registered owner of the Refunding Note."

*Section 3.* Except as amended by this ordinance, the Revenue Ordinance shall remain in full force and effect. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago (the "Municipal Code"), or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall be controlling. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the rights of the owners of the Refunding Note to receive payment of the principal of or interest on the Refunding Note or to impair the security for the Refunding Note; *provided further* that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

*Section 4.* 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 5.* This ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided herein.

PROMISSORY NOTE

\$72,800,000.00

February 9, 2017

FOR VALUE RECEIVED, the undersigned CITY OF CHICAGO (the "*City*"), hereby promises to pay to PNC BANK, NATIONAL ASSOCIATION or registered assigns (the "*Bank*"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of the Loan made by the Bank to the City under that certain Loan Agreement dated as of February 9, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), between the City and the Bank.

The City promises to pay interest on the unpaid principal amount of the Loan from the date of the Loan until such principal amount is paid in full at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Bank in U.S. Dollars in immediately available funds as set forth in the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount will bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is the Note referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. The Loan made by the Bank will be evidenced by one or more loan accounts or records maintained by the Bank in the ordinary course of business. The Bank may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Loan and payments with respect thereto.

The City, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS.

CITY OF CHICAGO

By: Rahm Emanuel, RP  
Name: Rahm Emanuel  
Title: Mayor

ATTEST:

By: Andrea M. Valencia  
Name: Andrea M. Valencia  
Title: City Clerk

SPECIMEN

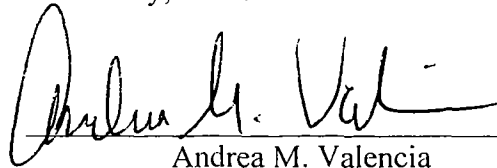
**ACKNOWLEDGMENT OF FILING NOTIFICATION OF SALE**

The foregoing Notification of Sale of \$72,800,000 principal amount of Promissory Note, of the City of Chicago (the "*City*") has been filed in my office as City Clerk of the City and is part of the official files and records of my office.

RECEIVED  
#3 *AC*  
2017 FEB -9 PM 4:06  
OFFICE OF THE  
CITY CLERK



IN WITNESS WHEREOF, I have hereunto affixed my signature and caused to be affixed hereto the corporate seal of the City this 9<sup>th</sup> day of February, 2017.

A handwritten signature in black ink, appearing to read "Andrea M. Valencia", written over a horizontal line.

Andrea M. Valencia  
City Clerk

[SEAL]