

Very truly yours,

Ordinance

Whereas, the City of Chicago (the "City") is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois (the "Constitution") and a "home rule unit" under Section 6(a) or Article VII of the Constitution; and

Whereas, the City Council of the City (the "City Council"), on June 27, 2018, adopted an ordinance and published in the Journal of the Proceedings of the City Council of the City of Chicago ("Journal") for such date at pages 79245 through 79327, inclusive (the "2018 Water Revenue Bond Ordinance") authorizing the issuance of Series 2018-1 Second Lien Bonds, as defined in the 2018 Water Revenue Bond Ordinance; and

Whereas, the 2018 Water Revenue Bond Ordinance authorized the issuance of the Series 2018-1 Second Lien Bonds in the aggregate amount not to exceed \$500,000,000; and

Whereas, it is intended that the interest on the Series 2018-1 Second Lien Bonds will be tax-exempt under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

Whereas, the City has made and will continue to make expenditures for eligible Project Costs (as defined in the 2018 Water Revenue Bond Ordinance) to be financed with the proceeds of the Series 2018-1 Second Lien Bonds; and

Whereas, the City desires to reimburse itself for all or a portion of the Project Costs with the proceeds of the Series 2018-1 Second Lien Bonds; now, therefore,

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

Section 1. The City Council hereby finds that all of the recitals contained in the recitals to this ordinance are full, true and correct and does incorporate them into this ordinance by this reference.

Section 2. The City makes the following declarations for the purpose of complying with the reimbursement rules of Section 1.150-2 of the Treasury Regulations ("Treasury Regulations") promulgated under the Code:

- a) As of the date hereof, the City reasonably expects to reimburse the City for the Project Costs with proceeds of the Series 2018-1 Second Lien Bonds.
- b) The Project Costs were or will be paid subsequent to sixty (60) days prior to the date hereof.
- c) The maximum principal amount of Series 2018-1 Second Lien Bonds expected to be issued for the Project Costs, including costs of issuance for the Series 2018-1 Second Lien Bonds, will not exceed \$700,000,000.
- d) A reimbursement allocation of the Project Costs with the proceeds of the Series 2018-1 Second Lien Bonds will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the project financed with the Series 2018-1 Second Lien Bonds is placed in service or abandoned, but in no event more than three (3) years after the original Project Cost is paid. A reimbursement allocation is an

allocation in writing that evidences the City's use of the proceeds of the Series 2018-1 Second Lien Bonds issued for the Project Costs to reimburse the City for a capital expenditure made pursuant to this ordinance.

- e) The Project Costs are "capital expenditures" as defined in Section 1.150-1(b) of the Treasury Regulations, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Section 1.150-2(c) of the Treasury Regulations) under general Federal income tax principles (as determined at the time the expenditure is paid).
- f) No proceeds of the Series 2018-1 Second Lien Bonds paid to the City in reimbursement pursuant to this ordinance will be used in a manner described in Section 1.150-2(h) of the Treasury Regulations with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the Series 2018-1 Second Lien Bonds in a manner that results in the creation of replacement proceeds (within Section 1.148-1 of the Treasury Regulations) within one year of the reimbursement allocation described in d) above.

Section 3. To the extent that any ordinance, rule, order or provision of the Municipal Code of Chicago, 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.

Section 4. This ordinance shall be in full force and effect from and after its adoption by the City Council and approval by the Mayor.