



City of Chicago



O2014-500

Office of the City Clerk

Document Tracking Sheet

Meeting Date:

1/15/2014

Sponsor(s):

Emanuel (Mayor)

Type:

Ordinance

Title:

Issuance of General Obligation and Refunding Bonds and associated amendment regarding commercial paper debt and amendment of Municipal Code Section 2-32-031 regarding Debt Management Policies

Committee(s) Assignment:

Committee on Finance

CHICAGO February 5, 2014

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

An ordinance authorizing the issuance of City of Chicago General Obligation and Refunding Bonds, Series 2014 and the authority to amend Chapter 2-32 of the Municipal Code of Chicago concerning debt management policies.

O2014-500

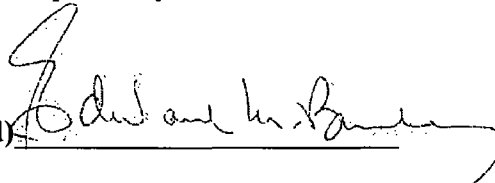
Amount of Bonds
not to exceed: \$900,000,000

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s).

Alderman Edward M. Burke abstained from voting on this item pursuant to Rule 14.

Respectfully submitted

(signed) 

Chairman

Document No. _____

**REPORT OF THE COMMITTEE ON FINANCE
TO THE CITY COUNCIL
CITY OF CHICAGO**



(14) FIN.

OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

January 15, 2014

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

Ladies and Gentlemen:

At the request of the Chief Financial Officer, I transmit herewith an ordinance authorizing an issuance of General Obligation and Refunding Bonds, and an associated amendment regarding commercial paper debt limits and a Municipal Code amendment.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

ORDINANCE

AN ORDINANCE providing for the issuance of General Obligation Bonds of the City of Chicago, for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on said Bonds, for the selection and retention of one or more Qualified Independent Representatives in connection with certain Interest Rate Exchange Agreements as described herein; authorizing the execution and delivery of certain financial security and credit enhancement agreements in connection with existing agreements and transactions involving City assets; and providing for the amendment of certain provisions of the Municipal Code and existing ordinances and financing documents, including but not limited to the ordinance adopted by the City Council on May 1, 2002, which proposed the establishment of a commercial paper program, an auction rate securities program, a variable rate securities program and a line of credit program.

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

WHEREAS, the City has heretofore (i) authorized the issuance of its general obligation bonds and notes (the "*Authorized General Obligation Bonds and Notes*"), (ii) authorized the borrowing of money pursuant to one or more line of credit agreements to provide funds for working capital or interim financing for capital projects, including the Revolving Line of Credit Agreement dated as of March 1, 2013 between the City and Bank of America, N.A. (the "*Line of Credit Indebtedness*") and (iii) established a commercial paper program authorizing the issuance of its general obligation commercial paper notes from time to time (the "*General Obligation Commercial Paper Notes*"); and

WHEREAS, (i) the Authorized General Obligation Bonds and Notes currently outstanding, (ii) the Line of Credit Indebtedness incurred and outstanding from time to time and (iii) the General Obligation Commercial Paper Notes currently or hereafter outstanding from time to time (collectively, the "*Outstanding Indebtedness*") mature and are subject to optional and mandatory redemption as provided in the respective proceedings authorizing the Outstanding Indebtedness; and

WHEREAS, the City has heretofore entered into Interest Rate Exchange Agreements (as described and defined in Section 14(a) hereof) which are in existence as of the date of adoption of this Ordinance (the "*Existing Interest Rate Exchange Agreements*"); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to authorize (i) refunding all or a portion of the Outstanding Indebtedness and (ii) terminating, amending or otherwise modifying all or any portion of the Existing Interest Rate Exchange Agreements and paying any settlement,

breakage or termination amounts that may be due and owing in connection therewith, in order to achieve debt service savings for the City, restructure debt service of the Outstanding Indebtedness or reduce, limit or manage the City's exposure to interest rate risk (collectively, the "*Refunding Purposes*"); and

WHEREAS, it is in the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to finance (i) public right-of-way infrastructure improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacement, and curb and gutter repairs and replacement; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; (iii) transportation improvements to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities, including street resurfacing, bridge and freight tunnel rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) grants or loans to assist not-for-profit organizations or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State of Illinois or the United States of America; (v) cash flow needs of the City; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; (vii) the duly authorized acquisition of improved and unimproved real property within the City for municipal, industrial, commercial or residential purposes, or any combination thereof, and the improvement, demolition and/or remediation of any such property; (viii) constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; (ix) the enhancement of economic development within the City by making direct grants or loans to, or deposits to funds or accounts to secure the obligations of, not-for-profit or for-profit organizations doing business or seeking to do business in the City; (x) the funding of (A) judgments entered against the City, (B) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation or arbitration and (C) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes; (xi) the payment of certain contributions (the "*Pension Contributions*") to the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, the Municipal Employees' Annuity and Benefit Fund of Chicago and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (collectively, the "*Pension Funds*"); (xii) the provision of facilities, services and equipment to protect and enhance public safety, including, but not limited to, increased costs for police and fire protection services, emergency medical services, staffing at the City's emergency call center and other City facilities, and enhanced security measures at airports and other major City facilities; and (xiii) acquiring motor vehicles for a term of years or lease period (the purposes described in clauses (i) through (xiii) above being referred to herein as the "*Project*"); and

WHEREAS, the cost of the Refunding Purposes and the Project is estimated to be not less than \$900,000,000 and the City expects to pay a portion of such costs by borrowing money and issuing its general obligation bonds in one or more series and at one or more times in the aggregate principal amount of not to exceed \$900,000,000 (plus the amount of any original issue discount as herein provided); and

WHEREAS, the City has determined that it is advisable and necessary to authorize the borrowing of the sum necessary at this time for any or all of the purposes of (i) paying costs of the Refunding Purposes, (ii) paying costs of the Project, including capitalizing or funding such interest on the bonds herein authorized for said purpose as may be necessary, (iii) capitalizing or funding interest on Outstanding Indebtedness and (iv) paying the expenses of issuing the bonds herein authorized for the purposes described herein, and in evidence thereof to authorize the issuance of its General Obligation Bonds (the "*Bonds*"), in one or more series and at one or more times as herein provided, such borrowing being for a proper public purpose and in the public interest, and the City, by virtue of its constitutional home rule powers and all laws applicable thereto, has the power to issue such Bonds; and

WHEREAS, the Bonds may include one or more series of bonds the interest on which is, as designated by series, either includible or excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, the City has authorized the issuance of certain bonds, notes and commercial paper of the City secured by and payable from a specified revenue source, including, without limitation, airport revenues, sales tax revenues, motor fuel tax revenues, water system revenues and sewer system revenues (such bonds and notes being hereinafter referred to as "*Revenue Bonds and Notes*" and such commercial paper being hereinafter referred to as "*Revenue Commercial Paper*"); and

WHEREAS, the City has determined that it is necessary to provide for various restructuring amendments (i) to the Outstanding Indebtedness, (ii) to the Revenue Bonds and Notes currently outstanding and the Revenue Commercial Paper currently or hereafter outstanding from time to time (collectively, the "*Outstanding Revenue Indebtedness*") and (iii) to the extent issued and outstanding from time to time in the future, the Bonds; and

WHEREAS, Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Dodd-Frank Act*") addresses the regulation of swap and other derivatives transactions such as the Interest Rate Exchange Agreements and pursuant to which the Commodity Futures Trading Commission (the "*CFTC*") has promulgated regulations, including new business conduct standards (the "*CFTC Regulations*"), applicable to providers of Interest Rate Exchange Agreements (the "*Swap Providers*"); and

WHEREAS, for purposes of the CFTC Regulations, the City is a "Special Entity," entitled to certain duties from the Swap Providers with whom they conduct or propose to conduct business; and

WHEREAS, in order to avail itself of the services of Swap Providers and other financial advisors under the statutory and regulatory regime contained in the Dodd-Frank Act and the CFTC Regulations, whether in connection with amendments, terminations or other modifications of Existing Interest Rate Exchange Agreements, the negotiation or execution of Interest Rate Exchange Agreements as authorized in Section 14 hereof, or to provide advice with respect to financial products and debt obligations purchased, entered into and/or issued by the City, it is necessary for the City to, among other things, (i) rely on advice from a Qualified Independent Representative, being an independent professional having demonstrated experience in the field of swap and other derivative transactions executed by States, State agencies, municipalities or other units of local government or political subdivisions and meeting the applicable qualifications of the Dodd-Frank Act and the CFTC Regulations (a "QIR"), (ii) approve the retention of one or more advisors to serve as QIRs and financial advisors in accordance with the applicable provisions of the Dodd-Frank Act and the CFTC Regulations and (iii) approve and authorize the execution of agreements with QIRs and other financial advisors, including but not limited to certain documents and agreements published by the International Swaps and Derivatives Association, Inc. ("ISDA") as part of its Dodd-Frank Documentation Initiative to assist swap market participants in complying with the CFTC Regulations (the "ISDA Protocol Documentation") and certain bilateral agreements with the City's counterparties on the Existing Interest Rate Exchange Agreements; and

WHEREAS, the City has determined that it is advisable and necessary in furtherance of compliance with federal securities and tax laws to adopt written policies which shall address the management of the City's bond, note and other debt issuances, including the entering into of Interest Rate Exchange Agreements and hiring QIRs in connection therewith; and

WHEREAS, the City has determined that it is advisable and necessary, in order to provide increased financial flexibility and protection to the City in connection with existing long-term concession agreements for City assets and existing sale/leaseback and lease/leaseback transactions involving City assets (each, a "Financing Transaction"), to authorize the execution and delivery of certain financial security and credit enhancement agreements to secure payment of amounts due from the City in connection with each such Financing Transaction and the incurrence of general obligation indebtedness in connection therewith; and

WHEREAS, the City has determined that it is necessary to amend Section 3 of the ordinance adopted by the City Council of the City of Chicago on May 1, 2002, as heretofore amended (the "2002 Ordinance"), which authorizes the issuance of Commercial Paper Notes Series A and Series B in an amount not to exceed \$500,000,000 and pursuant to which the City proposed to establish a commercial paper program, an auction rate securities program, a variable rate securities program and a line of credit program (collectively, the "Borrowing Plan"); and

WHEREAS, the Borrowing Plan authorizes the issuance of one or more series of Authorized Debt (as defined in the 2002 Ordinance) for (i) the payment, or reimbursement of the City for the payment, of the cost of all or any portion of any capital project approved by City Council, (ii) cash flow needs of the City, (iii) the deposit of monies into funds and accounts as

are provided for in any indenture entered into under the Borrowing Plan, and (iv) the payment of costs of issuance incurred in connection with each series of Authorized Debt; and

WHEREAS, the City desires to amend Section 3 of the 2002 Ordinance in order to (i) increase the maximum aggregate principal amount of Authorized Debt to be outstanding under the 2002 Ordinance from \$500,000,000 to \$1 billion and (ii) extend the maximum maturity of Authorized Debt outstanding under the 2002 Ordinance from January 1, 2030 to January 1, 2032; now, therefore,

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

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

Section 2. There shall be borrowed on the credit of and for and on behalf of the City in one or more series and at one or more times the sum of not to exceed \$900,000,000 plus an amount equal to the amount of any net original issue discount used in the marketing of the Bonds (not to exceed 10 percent of the principal amount of each series thereof) for the purposes aforesaid; and the Bonds shall be issued from time to time in said aggregate principal amount, or such lesser amount, as may be determined by the City's Chief Financial Officer or the City Comptroller (each such officer being hereinafter referred to as an "*Authorized Officer*").

All or any portion of the Bonds may be issued as Bonds payable in one payment on a fixed date ("*Capital Appreciation Bonds*"). Each series of Capital Appreciation Bonds shall be dated the date of issuance thereof and shall also bear the date of authentication, shall be in fully registered form, shall be numbered as determined by the applicable Bond Registrar (as hereinafter defined), and shall be in denominations equal to the original principal amounts of such Capital Appreciation Bonds or any integral multiple thereof, each such original principal amount representing Compound Accreted Value (as hereinafter defined) at maturity (the "*Maturity Amount*") of such minimum amounts and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Capital Appreciation Bonds (but no single Bond shall represent Compound Accreted Value maturing on more than one date). As used herein, the "*Compound Accreted Value*" of a Capital Appreciation Bond on any date of determination shall be an amount equal to the original principal amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semiannual compounding rate which is necessary to produce the yield to maturity borne by such Capital Appreciation Bond (the "*Yield to Maturity*").

All or any portion of the Bonds may be issued as Bonds bearing interest at fixed rates and paying interest semiannually as described below (the "*Current Interest Bonds*"). Each series of Current Interest Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds, shall be in fully registered

form, shall be in such minimum denominations and integral multiples thereof as shall be agreed upon by an Authorized Officer and the purchasers of such Current Interest Bonds (but no single Current Interest Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar.

The Bonds may be initially issued as Capital Appreciation Bonds containing provisions for the conversion of the Compound Accreted Value of such Bonds into Current Interest Bonds (the "*Convertible Bonds*") at such time following the initial issuance as shall be approved by an Authorized Officer. While in the form of Capital Appreciation Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Capital Appreciation Bonds, and while in the form of Current Interest Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Ordinance relating to Current Interest Bonds. In particular, when Convertible Bonds are in the form of Capital Appreciation Bonds prior to their conversion to Current Interest Bonds, the transfer, exchange and replacement provisions of this Ordinance with respect to Capital Appreciation Bonds shall apply to such Convertible Bonds; *provided* that the Convertible Bonds delivered in the form of Capital Appreciation Bonds in connection with any such transfer, exchange or replacement shall have identical provisions for conversion to Current Interest Bonds as set forth in the Convertible Bonds being transferred, exchanged or replaced. In connection with the issuance and sale of any Convertible Bonds, the terms and provisions relating to the conversion of the Compound Accreted Value of such Convertible Bonds into Current Interest Bonds shall be as approved by an Authorized Officer at the time of sale of such Convertible Bonds. Notwithstanding any other provision hereof, any series of Bonds may be issued as Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds or any combination thereof.

All or any portion of the Bonds may be issued as Bonds bearing interest at variable rates established by reference to such indices or otherwise and adjustable and payable from time to time as shall be determined by an Authorized Officer and as agreed upon by an Authorized Officer and the purchaser of the Bonds (the "*Variable Rate Bonds*"). Each series of Variable Rate Bonds shall be dated such date as shall be agreed upon by an Authorized Officer and the purchasers of such Bonds, shall be in fully registered form, shall be in such denominations as shall be agreed upon by an Authorized Officer and the purchasers of the Bonds (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered as determined by the applicable Bond Registrar. Each series of Variable Rate Bonds may be issued pursuant to, and have such terms and provisions as are set forth in, a trust indenture between the City and a bank or trust company selected by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into one or more such trust indentures on behalf of the City. Each such trust indenture shall be in substantially the form of trust indentures previously entered into by the City in connection with the sale of general obligation bonds or notes bearing interest at variable rates, but with such revisions in text as the Mayor or the Authorized Officer executing the same shall determine are necessary or desirable, including such revisions as shall be necessary to incorporate provisions relating to the manner of establishing the interest rate and the payment of interest from time to time on the Variable Rate Bonds, the execution thereof, and any amendment thereto, by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions.

All or any portion of the Bonds may be issued and sold from time to time on a retail basis to individual investors (the "*Retail Bonds*") or as a direct purchase to holders (the "*Direct Purchase Bonds*"). The Retail Bonds and the Direct Purchase Bonds shall be sold as provided in Section 12 hereof.

The principal of the Bonds of each series shall become due and payable on or before the earlier of (i) January 1, 2056, or (ii) 40 years after the date of issuance thereof. Each series of Current Interest Bonds shall bear interest at a rate or rates and each series of Capital Appreciation Bonds shall have Yields to Maturity not to exceed 15 percent per annum. Each series of Variable Rate Bonds shall bear interest from time to time at such rates determined by such remarketing or other indexing agent as shall be selected by an Authorized Officer for that purpose or as provided in the related trust indenture referred to above not to exceed 15 percent per annum. Any portion of the Bonds may be issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes if determined by an Authorized Officer to be beneficial to the City.

Each Capital Appreciation Bond shall accrue interest from its date at the rate per annum compounded semiannually on each January 1 and July 1, commencing on such January 1 or July 1 as determined by an Authorized Officer at the time of sale of such Capital Appreciation Bonds, which will produce the Yield to Maturity identified therein until the maturity date thereof. Interest on the Capital Appreciation Bonds shall be payable only at the respective maturity dates thereof.

Each Current Interest Bond shall bear interest from the later of its date or the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid, such interest (computed upon the basis of a 360-day period of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing on such January 1 or July 1 as shall be determined by an Authorized Officer at the time of the sale of each series of Current Interest Bonds. Interest on each Current Interest Bond shall be paid to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date, by check or draft of the applicable Bond Registrar, or, at the option of any registered owner of \$1,000,000 or more in aggregate principal amount of Current Interest Bonds of a series, by wire transfer of immediately available funds to such bank in the continental United States of America as the registered owner of such Bonds shall request in writing to the applicable Bond Registrar.

Each series of Variable Rate Bonds shall bear interest (computed from time to time at such rates and on such basis as shall be determined by an Authorized Officer or at the time of sale of such series of Variable Rate Bonds) payable on such dates as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. Any Variable Rate Bonds may be made subject to optional or mandatory tender for purchase by the owners thereof at such times and at such prices (not to exceed 105 percent of the principal amount thereof) as shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds. In connection with the remarketing of any Variable Rate Bonds of a series so tendered for purchase under the terms and conditions so specified by an Authorized Officer, the Mayor and

each Authorized Officer are hereby authorized to execute on behalf of the City a remarketing agreement, and any amendment thereto, with respect to such series of Variable Rate Bonds in substantially the form previously used for variable rate financings of the City with appropriate revisions to reflect the terms and provisions of such Bonds sold as Variable Rate Bonds and such other revisions in text as an Authorized Officer shall determine are necessary or desirable in connection with the sale of such Bonds as Variable Rate Bonds. The annual fee paid to any remarketing agent serving in such capacity pursuant to any such remarketing agreement with respect to a series of Variable Rate Bonds shall not exceed one-quarter of one percent (0.25%) of the average principal amount of such Variable Rate Bonds of such series outstanding during such annual period.

The Compound Accreted Value of the Capital Appreciation Bonds, the principal of the Current Interest Bonds and the Variable Rate Bonds and any redemption premium shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated corporate trust office of the applicable Bond Registrar.

Each of the Bonds shall be designated "General Obligation Bonds, Series ____," with such additions, modifications or revisions as shall be determined to be necessary by an Authorized Officer at the time of the sale of such Bonds to reflect the calendar year of issuance of the Bonds, the order of sale of the Bonds, the specific series of the Bonds, whether the Bonds are being issued on a taxable basis, whether the Bonds are Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds, Variable Rate Bonds, Retail Bonds or Direct Purchase Bonds, whether the Bonds are being issued and sold for the purpose of paying costs of the Refunding Purposes, paying costs of the Project or a combination thereof and any other authorized features of the Bonds determined by an Authorized Officer as desirable to be reflected in the title of the Bonds being issued and sold.

The seal of the City or a facsimile thereof shall be affixed to or printed on each of the Bonds, and the Bonds shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. As used in this Ordinance, "*City Clerk*" shall mean the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to this Ordinance.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the applicable Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the applicable Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the

applicable Bond Registrar if signed by an authorized officer of such Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3. (a) Registration and Transfer. The City shall cause books (the "*Bond Register*") for the registration and for the transfer of each series of Bonds as provided in this Ordinance to be kept at the designated corporate trust office of a bank or trust company designated by an Authorized Officer (the "*Bond Registrar*"), as the registrar for the City in connection with such series of Bonds. The City is authorized to prepare multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated corporate trust office of the applicable Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to such Bond Registrar and duly executed by the registered owner or its attorney duly authorized in writing, the City shall execute and such Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees (a) in the case of any Capital Appreciation Bond, a new fully registered Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of authorized denominations, for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations, or (b) in the case of any other Bonds, one or more fully registered Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate (or in the case of Variable Rate Bonds, method of interest rate determination) and maturity of authorized denominations, for a like principal amount. Any Capital Appreciation Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate original principal amount of Capital Appreciation Bond or Bonds of the same series, maturity and yield to maturity of other authorized denominations. Any other Bond or Bonds may be exchanged at said office of the applicable Bond Registrar for a like aggregate principal amount of Bonds of the same series, type, interest rate and maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the applicable Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided that* (a) the aggregate original principal amount of outstanding Capital Appreciation Bonds of each series, maturity and yield to maturity authenticated by the applicable Bond Registrar shall not exceed the authorized aggregate original principal amount of Capital Appreciation Bonds of such series and maturity less previous retirements and (b) the principal amount of Current Interest Bonds or Variable Rate Bonds of each series, maturity and interest rate (or interest rate determination method) authenticated by the applicable Bond Registrar shall not exceed the authorized principal amount of Current Interest Bonds or Variable Rate Bonds for such series, maturity and interest rate (or interest rate determination method) less previous retirements.

The applicable Bond Registrar shall not be required to transfer or exchange (a) any Bond after notice calling such Bond for redemption has been mailed, or (b) any Bond during a period of 15 days next preceding mailing of a notice of redemption of such Bond; *provided, however,* that provisions relating to the transfer or exchange of Variable Rate Bonds of a series shall be as determined by an Authorized Officer at the time of the sale thereof and may be set

forth in the trust indenture securing such series of Variable Rate Bonds as authorized in Section 2 hereof.

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

No service charge shall be made for any transfer or exchange of Bonds, but the City or the applicable Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except that no such payment may be required in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Book-Entry Only System.* If so determined and directed by an Authorized Officer in connection with the sale of any of the Bonds, such Bonds may be issued in book-entry only form. In connection with the issuance of Bonds in book-entry only form, an Authorized Officer is authorized to execute and deliver to the book-entry depository selected by such Authorized Officer such depository's standard form of representation letter. If any of the Bonds are registered in the name of a securities depository which uses a book-entry system, the standing of the beneficial owner to enforce any of the covenants herein may be established through the books and records of such securities depository or a participant therein.

(c) *Bonds Lost, Destroyed, etc.* If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the applicable Bond Registrar may authenticate a new Bond of like series, date, maturity date, interest rate (or, in the case of Capital Appreciation Bonds, yield to maturity, and in the case of Variable Rate Bonds, method of interest rate determination), denomination and original principal amount (in the case of Capital Appreciation Bonds) or principal amount (in the case of other Bonds) and bearing a number not contemporaneously outstanding; *provided* that (i) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the applicable Bond Registrar, and (ii) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the applicable Bond Registrar evidence of such loss or destruction, together with indemnification of the City and such Bond Registrar, satisfactory to such Bond Registrar. If any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond, the applicable Bond Registrar shall pay the same without surrender thereof if there shall be first furnished to such Bond Registrar evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the applicable Bond Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(d) *Redemption and Repurchase.* The Bonds may be made subject to redemption prior to maturity at the option of the City, in whole or in part on any date, at such times and at such redemption prices (to be expressed as a percentage of the principal amount of Current Interest Bonds or Variable Rate Bonds being redeemed or as a formula as described below and expressed as a percentage of the Compound Accreted Value of Capital Appreciation Bonds to be redeemed or as a formula as described below) not to exceed 105 percent, plus, in the case of Current Interest Bonds and Variable Rate Bonds, accrued interest to the date of redemption, as determined by an Authorized Officer at the time of the sale thereof.

Notwithstanding the foregoing, such 105 percent limitation on the redemption price of Bonds shall not apply where the redemption price is based upon a formula designed to compensate the owner of the Bonds to be redeemed based upon prevailing market conditions on the date fixed for redemption, commonly known as a "make-whole" redemption price (the "*Make-Whole Redemption Price*"). At the time of sale of the Bonds, an Authorized Officer shall determine the provisions of the formula to be used to establish any Make-Whole Redemption Price, which may vary depending on whether the Bonds are issued on a taxable or tax-exempt basis. An Authorized Officer shall confirm and transmit the applicable Make-Whole Redemption Price on such dates and to such parties as shall be necessary to effectuate such redemption.

If fewer than all of the outstanding Bonds of a series are to be optionally redeemed, the Bonds to be called shall be called from such maturities and interest rates of such series as may be determined by an Authorized Officer.

Certain of the Bonds of a series may be made subject to mandatory redemption, at par and accrued interest to the date fixed for redemption, as determined by an Authorized Officer at the time of the sale thereof.

An Authorized Officer is hereby authorized to sell (at a price determined by such Authorized Officer to be in the best interests of the City) or waive any right the City may have to call any of the Bonds or Outstanding Indebtedness for optional redemption, in whole or in part, and is hereby further authorized to expend the proceeds of any such sales for any purpose for which the proceeds of the Bonds are authorized to be expended and for the payment or prepayment of any City debt obligations whether issued before or after the date of adoption of this Ordinance, all as determined by an Authorized Officer; *provided however*, to the extent that interest on such Bonds or Outstanding Indebtedness is excluded from gross income for federal income tax purposes, such expenditures shall not adversely affect such exclusion. If determined to be necessary or appropriate, an Authorized Officer is authorized to solicit the consent of holders of outstanding Bonds or Outstanding Indebtedness to any such sale or waiver.

Retail Bonds may be made subject to repurchase by the City upon the demand of certain holders thereof at a price of not to exceed 105 percent of par, as more fully described in Section 12 hereof.

At the time of sale of Bonds of a series, an Authorized Officer is authorized to determine the manner of redeeming such Bonds, either by lot in the manner hereinafter provided or pro-rata in the manner determined by an Authorized Officer at the time of sale, in the event less than all of the Bonds of the same series, maturity and interest rate are to be redeemed.

The Current Interest Bonds shall be redeemed only in amounts equal to the respective minimum authorized denominations and integral multiples thereof and the Capital Appreciation Bonds shall be redeemed only in amounts representing the respective minimum authorized Maturity Amounts and integral multiples thereof. In the event of the redemption of fewer than all the Bonds of the same series, maturity and interest rate by lot, the aggregate principal amount or Maturity Amount (as appropriate) thereof to be redeemed shall be the minimum authorized denomination or Maturity Amount (as appropriate) for such series or an integral multiple thereof, and the applicable Bond Registrar shall assign to each Bond of such series, maturity and interest rate, a distinctive number for each minimum authorized denomination or Maturity Amount (as appropriate) of such Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum authorized denomination or Maturity Amount (as appropriate) for each number, shall equal the principal amount or Maturity Amount (as appropriate) of such Bonds to be redeemed. In such case, the Bonds to be redeemed shall be those to which were assigned numbers so selected; *provided* that only so much of the principal amount or Maturity Amount (as appropriate) of each Bond shall be redeemed as shall equal such minimum authorized denomination or Maturity Amount (as appropriate) for each number assigned to it and so selected. In the event of the redemption of fewer than all Bonds of the same series, maturity and interest rate on a pro-rata basis, if the Bonds are held in book-entry form at the time of redemption, at the time of sale of the Bonds, an Authorized Officer is authorized to direct the Bond Registrar to instruct the book-entry depository to select the specific Bonds within such maturity and interest rate for redemption pro-rata among such Bonds. The City shall have no responsibility or obligation to ensure that the book-entry depository properly selects such Bonds for redemption.

The City shall, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the applicable Bond Registrar), notify the applicable Bond Registrar of such redemption date and of the principal amount or Maturity Amount (as appropriate) of Bonds of such series to be redeemed.

In connection with any mandatory redemption of Bonds of a series as authorized above, the principal amounts of Bonds (or the Compound Accreted Value of the Capital Appreciation Bonds) of such series to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds of such series credited against future mandatory redemption requirements in such order of the mandatory redemption dates as an Authorized Officer may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date of Bonds of a series, the applicable Bond Registrar may, and if directed by an Authorized Officer shall, purchase Bonds of such series required to be retired on such mandatory redemption date at such prices as an Authorized Officer shall determine. Any such Bonds so purchased shall be cancelled and the principal amount (or Compound Accreted Value, as appropriate) thereof shall be credited

against the payment required on such next mandatory redemption date with respect to such series of Bonds.

The applicable Bond Registrar shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount, Compound Accreted Value or Maturity Amount (as appropriate) thereof, and the interest rate thereof to be redeemed.

Subject to the limitation on redemption price set forth above, in the case of redemption of any Variable Rate Bonds, the terms of such redemption shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

Section 4. Except as may otherwise be determined as provided below for Variable Rate Bonds, unless waived by any owner of Bonds to be redeemed, notice of the call for any such redemption shall be given by the applicable Bond Registrar on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the applicable Bond Register or at such other address as is furnished in writing by such registered owner to such Bond Registrar, but the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. Any notice of redemption mailed as provided in this Section shall be conclusively presumed to have been given whether or not actually received by the addressee. In the case of redemption of any Variable Rate Bonds of a series, the time and manner of giving such notice shall be determined by an Authorized Officer at the time of sale of such Variable Rate Bonds and may be set forth in the trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof.

All notices of redemption shall state:

- (1) the series designation of the Bonds to be redeemed,
- (2) the redemption date,
- (3) the redemption price, or in the case of a redemption of Bonds at a Make-Whole Redemption Price, a description of the formula by which the redemption price shall be determined,
- (4) if less than all outstanding Bonds of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates, Compound Accreted Values or Maturity Amounts) of the Bonds to be redeemed,

(5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date,

(6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the applicable Bond Registrar, and

(7) such other information as shall be deemed necessary by the applicable Bond Registrar at the time such notice is given to comply with law, regulation or industry standard.

With respect to an optional redemption of any series of Bonds, such notice may state that said redemption is conditioned upon the receipt by the applicable Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds of such series. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Bonds and the applicable Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for a series of Bonds, the City shall deposit with the applicable Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions thereof of such series which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited) such Bonds, or portions thereof, shall cease to bear, accrue or compound interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the applicable Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption (i) of any Current Interest Bond or Variable Rate Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same series, type (Current Interest Bonds or Variable Rate Bonds), interest rate or, in the case of Variable Rate Bonds, method of interest rate determination, and maturity in the amount of the unpaid principal or (ii) of any Capital Appreciation Bond, there shall be prepared for the registered owner a new Capital Appreciation Bond or Bonds of the same series, Yield to Maturity and maturity date in the amount of the unpaid Maturity Amount.

If any Current Interest Bond or Variable Rate Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption. If any Capital Appreciation Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the Compound Accreted

Value at such redemption date shall continue to accrue interest from such redemption date at the Yield to Maturity borne by such Capital Appreciation Bond, or portion thereof, so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the applicable Bond Registrar and shall not be reissued.

If any Bond is not presented for payment when the principal amount, Compound Accreted Value or Maturity Amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Bond are held by the applicable Bond Registrar for the benefit of the registered owner of such Bond, such Bond Registrar shall hold such moneys for the benefit of the registered owner of such Bond without liability to the registered owner for interest. The registered owner of such Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Bond.

Section 5. The Capital Appreciation Bonds and the Current Interest Bonds of each series shall be prepared in substantially the following forms with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Bonds of such series pursuant to Section 12 hereof; *provided* that if the text of any Bond is to be printed in its entirety on the front side of such Bond, then the text shown or appearing on the reverse side of such Bond shall replace paragraph [2] and the legend, "See Reverse Side for Additional Provisions," shall be omitted. The Convertible Bonds shall be prepared incorporating the provisions of the forms of Capital Appreciation Bonds and Current Interest Bonds set forth below as necessary to reflect the terms and provisions of the sale of the Convertible Bonds pursuant to Section 12 hereof. The Variable Rate Bonds shall be prepared in substantially the form of the Current Interest Bonds set forth below, or as provided in the applicable trust indenture securing such Variable Rate Bonds as authorized in Section 2 hereof, with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Variable Rate Bonds pursuant to Section 12 hereof.

All Bonds may be prepared with such insertions and revisions as shall be necessary in connection with the issuance of such Bonds as Retail Bonds or Direct Purchase Bonds.

[Form of Capital Appreciation Bond — Front Side]

REGISTERED
No. _____

\$ _____
Compound Accreted
Value at Maturity
("Maturity Amount")

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND

SERIES _____

See Reverse Side for
Additional Provisions

MATURITY	YIELD TO MATURITY	ORIGINAL PRINCIPAL AMOUNT PER \$_____,000 MATURITY AMOUNT:	DATED DATE	CUSIP
_____, 20__	_____%	\$ _____	_____, 20__	

Registered Owner:

The City of Chicago (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Maturity Amount identified above. The amount of interest payable on this Bond on the Maturity Date hereof is the amount of interest accrued from the Dated Date hereof at a semiannual compounding rate necessary to produce the Yield to Maturity set forth above, compounded semiannually on each January 1 and July 1, commencing _____ 1, 20__. The Maturity Amount of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office of _____, Chicago, Illinois, or its successor, as bond registrar and paying agent (the "Bond Registrar"). The Compound Accreted Value of this Bond per \$_____,000 Maturity Amount on January 1 and July 1 of each year, commencing _____ 1, 20__, determined by the semiannual compounding described in this paragraph shall be as set forth in the Table of Compound Accreted Value Per \$_____,000 of Compound Accreted Value at Maturity contained herein.

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

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the Maturity Amount hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)

Mayor
City of Chicago

Attest:

(Facsimile Signature)

City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series _____, of the City of Chicago.

(Manual Signature)

Authorized Officer

[Form of Capital Appreciation Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES _____

For the prompt payment of the Maturity Amount of this Bond as the same becomes due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the original principal amount of \$_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the "Bond Ordinance").

The Bonds maturing on or after January 1, _____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, _____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities as shall be determined by the City, and if less than all of the Bonds of the same maturity and yield to maturity are to be redeemed, then [by lot] [pro-rata] for the Bonds of the same maturity and yield to maturity in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the Compound Accreted Value of the Bonds to be redeemed) set forth below:

DATES OF REDEMPTION

REDEMPTION PRICE

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the aggregate Maturity Amount thereof to be redeemed shall be \$_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and yield to maturity a distinctive number for each \$_____,000 Maturity Amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$_____,000 for each number, shall equal the Maturity Amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided* that only so much of the Maturity Amount of each Bond shall be redeemed as shall equal \$_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all the Bonds of like maturity and yield to maturity, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not fewer than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to accrue interest on the specified redemption date; *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same maturity and yield to maturity and for the same aggregate Original Principal Amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in Original Principal Amounts representing \$_____,000 Maturity Amount or any integral multiple thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate Original Principal Amount of Bonds of the same series and maturity, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the Maturity Amount hereof and redemption premium, if any, hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

* * *

TABLE OF COMPOUND ACCRETED VALUE
PER \$_____,000 OF COMPOUND ACCRETED VALUE AT MATURITY

* * *

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

[Form of Current Interest Bond — Front Side]

REGISTERED
NO. _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION BOND
SERIES _____

See Reverse Side for
Additional Provisions

Interest Maturity Date: Dated Date:
Rate: _____% January 1, 20____ _____, 20____ CUSIP: _____

Registered Owner:

Principal Amount:

The City of Chicago (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing _____ 1, 20____, until said Principal Amount is paid. Principal of this Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of _____, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar or, at the option of any Registered Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner hereof shall request in writing to the Bond Registrar.

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

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)

Mayor
City of Chicago

Attest:

(Facsimile Signature)

City Clerk
City of Chicago

[SEAL]

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series _____, of the City of Chicago.

By: _____ (Manual Signature)

Authorized Officer

[Form of Current Interest Bond — Reverse Side]

CITY OF CHICAGO
GENERAL OBLIGATION BOND
SERIES _____

For the prompt payment of this Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of Bonds aggregating the principal amount of \$_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Refunding Purposes described in the hereinafter-defined Bond Ordinance, (ii) paying costs of the Project described in the Bond Ordinance, and (iii) paying expenses incidental to the issuance of the Bonds, and was authorized by an Ordinance adopted by the City Council of the City on _____, 20__ (the "Bond Ordinance").

The Bonds maturing on or after January 1, _____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after _____ 1, _____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Bonds of a single maturity and the same interest rate are to be redeemed then [by lot] [pro-rata] within such maturity and interest rate in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

DATES OF REDEMPTION

REDEMPTION PRICE

The Bonds maturing on January 1, _____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, and the Bonds maturing on January 1, _____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, in each case at par and accrued interest to the date fixed for redemption.

[Redemption by lot] In the event of the redemption of less than all the Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be \$_____,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and interest rate a distinctive number for each \$_____,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$_____,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected;

provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$_____,000 for each number assigned to it and so selected.

[Redemption pro-rata] In the event of the redemption of less than all of the Bonds of like maturity and interest rate, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; *provided* that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to bear interest on the specified redemption date, *provided* that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same interest rate, series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in the denomination of \$_____,000 each or authorized integral multiples thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same interest rate, series and maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. Each Bond shall be a direct and general obligation of the City for the payment of which (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) the City pledges its full faith and credit. Each Bond shall be payable (as to Compound Accreted Value, principal, interest and redemption premium, if any, as appropriate) from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the Pledged Taxes (as defined in Section 7 hereof).

Section 7. For the purpose of providing the funds required to pay as the same become due (i) the principal of and interest and redemption premium, if any, on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) the purchase price of Bonds that are subject to optional or mandatory tender for purchase by the owners thereof, to the extent not otherwise provided for pursuant to the terms of a Credit Facility (as defined in Section 12 hereof), (iii) such amounts as may be payable under Interest Rate Exchange Agreements (as defined in Section 14(a) hereof) from the direct annual tax described below, (iv) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof, (v) any Line of Credit Indebtedness, (vi) the principal of and interest on General Obligation Commercial Paper Notes and (vii) to the extent determined by an Authorized Officer to be necessary or desirable, periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Bonds, the Outstanding Indebtedness, the Existing Interest Rate Exchange Agreements or Interest Rate Exchange Agreements, including any QIR and parties such as those identified by an Authorized Officer in a notification of sale as described in Section 12 hereof and parties providing similar ongoing services, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the Bonds (the "Ongoing Financing

Services”), there is hereby levied and there shall be collected a direct annual tax upon all taxable property in the City for the years and in the amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
2013	\$150,000,000	2034	\$150,000,000
2014	150,000,000	2035	150,000,000
2015	150,000,000	2036	150,000,000
2016	150,000,000	2037	150,000,000
2017	150,000,000	2038	150,000,000
2018	150,000,000	2039	150,000,000
2019	150,000,000	2040	150,000,000
2020	150,000,000	2041	150,000,000
2021	150,000,000	2042	150,000,000
2022	150,000,000	2043	150,000,000
2023	150,000,000	2044	150,000,000
2024	150,000,000	2045	150,000,000
2025	150,000,000	2046	150,000,000
2026	150,000,000	2047	150,000,000
2027	150,000,000	2048	150,000,000
2028	150,000,000	2049	150,000,000
2029	150,000,000	2050	150,000,000
2030	150,000,000	2051	150,000,000
2031	150,000,000	2052	150,000,000
2032	150,000,000	2053	150,000,000
2033	150,000,000	2054	150,000,000

; provided that collections of such levy for any year in an amount in excess of that necessary to make the payments described in clauses (i) through (vii), above (a) may be used for any lawful public purpose designated by the City Council or (b) may be reduced and abated by an Authorized Officer if such reduction is deemed desirable by an Authorized Officer in connection with the sale or sales of the Bonds, in each case as determined from time to time by an Authorized Officer as provided in Section 12 hereof.

The tax levy made in this Section is not subject to the “Aggregate Levy” limitation contained in the Chicago Property Tax Limitation Ordinance contained in Chapter 3-92 of the Municipal Code of Chicago (the “Municipal Code”), and Section 3-92-020 of the Municipal Code is hereby superseded to exclude the tax levy herein from the definition of “Aggregate Levy” contained therein.

The term “Pledged Taxes” means (i) the taxes hereinabove levied for collection for the purpose of providing the funds necessary to make the payments described in clauses (i) through (vii) of the first paragraph of this Section 7, and (ii) subject to the provisions of Section 15 hereof, the proceeds of taxes levied for the years from and after 2012 in connection with the issuance of the Outstanding Indebtedness to the extent such tax collections are not

necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, and the term "*Pledged Taxes*" shall also include any amounts deposited into the hereinafter-defined Bond Fund or deposited with the Ad Valorem Tax Escrow Agent (as hereinafter defined) by an Authorized Officer for the purpose of paying principal of and interest on the Bonds and any accrued interest received and deposited in the Bond Fund or the Ad Valorem Tax Escrow Account, if established pursuant to Section 9 hereof.

As provided in Section 12 or otherwise, the City reserves the right to abate all or a portion of the Pledged Taxes required to be levied in any year if and to the extent on or before March 31 of the next succeeding calendar year (or such earlier date as may be required by law), the City has on hand amounts dedicated to the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of this Section 7 due during the one-year period commencing on January 2 of such succeeding calendar year. The City may, but shall not be required to, cause the extension and collection of the Pledged Taxes for the payment when due of any Line of Credit Indebtedness or the principal of and interest on General Obligation Commercial Paper Notes or cause the levy or extension in any year of taxes for the payment of the costs of Ongoing Financing Services.

Section 8. The City shall appropriate or otherwise provide amounts sufficient to pay (i) principal of and interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds), (ii) amounts (other than periodic fees and expenses) payable to providers of Credit Facilities as described in Section 12 hereof to the payment of which the City has pledged its full faith and credit and (iii) Interest Rate Exchange Agreements to the payment of which the City has pledged its full faith and credit for the years such amounts are due, and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 9. Each Authorized Officer is authorized to establish one or more special accounts, if determined to be necessary in connection with the sale of any of the Bonds, separate and segregated from all other funds and accounts of the City, which shall either be (i) held by an Authorized Officer (each a "*Bond Fund*") or (ii) maintained with a bank or trust company to be designated by an Authorized Officer (each an "*Ad Valorem Tax Escrow Account*") pursuant to an escrow agreement (each an "*Ad Valorem Tax Escrow Agreement*"), between the City and the applicable Escrow Agent named therein (each an "*Ad Valorem Tax Escrow Agent*"), and one or more of the Mayor or an Authorized Officer are hereby authorized to execute and deliver one or more Ad Valorem Tax Escrow Agreements in connection with the sale of the Bonds in such form as the officers so executing such agreement may deem appropriate in accordance with the provisions of this Ordinance.

In lieu of the proceeds of such taxes being deposited with the City Treasurer, any such Ad Valorem Tax Escrow Agreement may authorize the County Collectors of Cook and DuPage

Counties, Illinois to deposit the proceeds of such taxes directly into the applicable Ad Valorem Tax Escrow Account, if such Account has been created.

Section 10. If the Pledged Taxes to be applied to the payment of the Bonds are not available in time to make any payments of principal of or interest on the Bonds when due, then the appropriate fiscal officers of the City are hereby directed to make such payments from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advancement of the collection of such Pledged Taxes, and when the proceeds thereof are received, such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 11. A copy of this Ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks"), and such filing shall constitute the authority for and it shall be the duty of said County Clerks, in each year beginning in 2014, to and including 2055, to extend the taxes levied pursuant to Section 7 hereof for collection in such year, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

A copy of this Ordinance, duly certified by the City Clerk, shall also be filed with each applicable Ad Valorem Tax Escrow Agent, if any, each applicable Bond Registrar, and if the County Collectors of Cook and DuPage Counties are authorized to deposit the proceeds of the taxes levied pursuant to Section 7 hereof directly with an Ad Valorem Tax Escrow Agent pursuant to Section 9 hereof, with such County Collectors.

Section 12. Each Authorized Officer is hereby authorized to sell all or any portion of the Bonds, other than the Retail Bonds and the Direct Purchase Bonds which shall be sold as provided in the following two paragraphs, from time to time to or at the direction of an underwriter or group of underwriters to be selected by such Authorized Officer (the "*Underwriters*"), with the concurrence of the Chairman of the Committee on Finance of the City Council (the "*Chairman*"), on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations set forth in this Ordinance.

Each Authorized Officer is hereby authorized to sell Retail Bonds from time to time on such terms as such Authorized Officer may deem to be in the best interests of the City within the limitations contained in this Ordinance and, in connection therewith, to appoint an agent or group of agents to be selected by such Authorized Officer (the "*Selling Agents*"), with the concurrence of the Chairman, for the purpose of soliciting purchases of the Retail Bonds by individual investors, each sale of Retail Bonds solicited by the Selling Agents to be made with the concurrence of the Chairman.

The Bonds may be sold as Direct Purchase Bonds in a manner and containing such terms authorized by an Authorized Officer, including pursuant to a placement agent arrangement, to a purchaser or purchasers other than the Underwriters (the "*Direct Purchasers*"), such Direct Purchasers to be selected by an Authorized Officer and such sale

being permitted at a price of not less than 97 percent of the principal amount of the Direct Purchase Bonds being sold. The Mayor or an Authorized Officer is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Direct Purchase Bonds.

The principal amount of and the interest on the Bonds (including the Compound Accreted Value of any Capital Appreciation Bonds and based on reasonable estimates of the interest to be paid on Variable Rate Bonds) sold of each series and maturity in the aggregate (after taking into account mandatory redemptions) shall not exceed the amount levied therefor as specified in Section 7 hereof. The Bonds may be sold from time to time as an Authorized Officer shall determine that the proceeds of such sales are needed.

Either Authorized Officer is hereby authorized and directed to cause all necessary notices of redemption of the Outstanding Indebtedness selected for refunding as provided above to be given in accordance with the terms of the respective ordinances or indentures, as applicable, authorizing the Outstanding Indebtedness.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract of purchase with respect to each sale of the Bonds (i) to, or at the direction of, the Underwriters or (ii) to the Direct Purchasers, in substantially the form previously used for similar general obligation bonds of the City (the "*Contract of Purchase*"), with appropriate revisions to reflect the terms and provisions of the Bonds and such other revisions in text as the Mayor or an Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The compensation paid to the Underwriters in connection with any sale of Bonds shall not exceed three percent of the principal amount of the Bonds being sold. Nothing contained in this Ordinance shall limit the sale of the Bonds or any maturity or maturities thereof at a price or prices in excess of the principal amount thereof.

The Mayor or an Authorized Officer is hereby authorized to execute and deliver a contract with Selling Agents pursuant to which the Selling Agents shall solicit purchases of the Retail Bonds by individual investors (a "*Selling Agent Agreement*") substantially in the form of the selling agent agreement previously entered into by the City in connection with the sale of Retail Bonds, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or such Authorized Officer to evidence the City Council's approval of all such revisions. The aggregate compensation paid to the Selling Agents pursuant to any Selling Agent Agreement shall not exceed three percent of the principal amount of the Retail Bonds sold pursuant to such Selling Agent Agreement. The terms of any Selling Agent Agreement may provide for the delegation by an Authorized Officer to one or more Deputy Comptrollers of authority to approve the final terms of sale of any Retail Bonds pursuant to such Selling Agent Agreement within parameters established by an Authorized Officer consistent with the terms and limitations of this Ordinance. Any Selling Agent Agreement may also contain provisions pursuant to which a person receiving an ownership interest in any Retail Bonds through the death of a Bondholder shall have the right to sell such Retail Bonds back to the City at a price of not to exceed 105 percent of par and setting forth the terms and conditions of the exercise of such right. The Mayor or an Authorized

Officer (or delegate as authorized above) is hereby authorized to do all such things and to execute and deliver such additional documents, agreements and certificates as shall be necessary in connection with the sale of Retail Bonds from time to time pursuant to a Selling Agent Agreement, including any such document, agreement or certificate necessary to describe the terms of Retail Bonds then being sold.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to obtain one or more policies of bond insurance from recognized bond insurers selected by an Authorized Officer, if such Authorized Officer determines such bond insurance to be desirable in connection with such sale of the Bonds. Either Authorized Officer may, on behalf of the City, make covenants with such bond insurer that are not inconsistent with the provisions of this Ordinance and are necessary to carry out the purposes of this Ordinance.

In connection with any sale of the Bonds, the Mayor or an Authorized Officer is hereby authorized to obtain one or more letters of credit, lines of credit, standby bond purchase agreements, or similar credit or liquidity facilities (a "*Credit Facility*") with one or more financial institutions. The Mayor or an Authorized Officer is hereby authorized to enter into a reimbursement agreement and/or standby bond purchase agreement and to execute and issue a promissory note in connection with the provisions of each Credit Facility. Any Credit Facility, reimbursement agreement or standby bond purchase agreement shall be in substantially the form of the credit facilities, reimbursement agreements and standby bond purchase agreements previously entered into by the City in connection with the sale of general obligation bonds or notes, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such revisions. The annual fee paid to any financial institution that provides a Credit Facility with respect to all or a portion of a series of the Bonds shall not exceed three percent of the average principal amount of such Bonds outstanding during such annual period. The final form of any reimbursement agreement and/or standby bond purchase agreement entered into by the City with respect to the Bonds shall be attached to the notification of sale filed in the office of the City Clerk pursuant to this section. Each such promissory note shall be a general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each promissory note, and any Bond owned or held as collateral by any such financial institution in its capacity as a provider of a Credit Facility shall bear interest at a rate not exceeding 15 percent per annum and shall mature not later than the final maturity date of the related Bonds secured by such reimbursement agreement or standby bond purchase agreement. The Mayor or an Authorized Officer is hereby authorized to execute and deliver any such reimbursement agreement or standby bond purchase agreement, and any amendment thereto or replacement thereof, under the seal of the City affixed and attested by the City Clerk.

In the event that Bonds are sold so as to require the levy of taxes for any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in the first paragraph of Section 7 hereof, then an Authorized Officer shall, on or prior to March 31 (or such earlier date as may be required by law) of the calendar year next

succeeding such year, notify the City Council of the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections, and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year. In the event that upon the final sale of the Bonds of all series, such Bonds have been sold so as to require the levy of taxes in any year specified in Section 7 hereof for the purpose of making the payments described in clauses (i), (ii), (iii) and (iv) of the first paragraph of Section 7 hereof in an amount less than the amount specified for such year in Section 7 hereof, then there shall be included, in the final notification of sale to the City Council described below in this Section 12, the determination made pursuant to clauses (a) and (b) of the first paragraph of Section 7 hereof regarding the application of any resulting excess levy collections for such year and any succeeding year and, in addition, in connection with a determination made pursuant to clause (b) of the first paragraph of Section 7 hereof, an Authorized Officer shall file in the respective offices of the County Clerks certificates of tax abatement for such year or years. If any of the Bonds are not to be sold and issued as provided herein and no levy collections are to be applied for the purposes of paying the costs of Ongoing Financing Services as determined by an Authorized Officer, the corresponding taxes herein levied to pay debt service thereon shall be abated in full. Any certificate of abatement delivered pursuant to this paragraph shall refer to the amount of taxes levied pursuant to Section 7 hereof, shall indicate the amount of reduction in the amount of taxes levied by the City resulting from the sale or sales of the Bonds or the non-issuance thereof, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which is to be extended for collection by said County Clerks.

The preparation, use and distribution of a preliminary official statement, an official statement or any other disclosure document relating to each sale and issuance of the Bonds are hereby ratified and approved. The Mayor and each Authorized Officer are each hereby authorized to execute and deliver an official statement or other disclosure document relating to each sale and issuance of the Bonds on behalf of the City. The preliminary official statement, official statement and other disclosure documents herein authorized shall be substantially similar to those previously used for general obligation bonds of the City, and shall contain the terms and provisions of the Bonds, the manner in which the Bonds shall be sold, the use of proceeds of the Bonds, financial information for the City, and such other information as the Mayor or any Authorized Officer determines to be advisable under the circumstances.

Subsequent to the sale of any series of Bonds or, in the case of the Retail Bonds, subsequent to the sale of all Bonds that are the subject of a Selling Agent Agreement, an Authorized Officer shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth (i) the series designation, the aggregate principal amount and authorized denominations of, maturity schedule and redemption provisions for the Bonds sold, (ii) the principal amounts of the Bonds sold as Current Interest Bonds, Capital Appreciation Bonds, Convertible Bonds and Variable Rate Bonds, respectively, and whether any of the Bonds are sold as Retail Bonds, (iii) in the case of the sale of the Retail Bonds or Direct Purchase Bonds, the principal amounts of such Bonds sold as Current Interest Bonds, Capitalized Appreciation

Bonds, Convertible Bonds and Variable Rate Bonds, respectively, (iv) in the case of Bonds sold as Capital Appreciation Bonds, (A) the Original Principal Amounts of and Yields to Maturity on the Capital Appreciation Bonds being sold and (B) a table of Compound Accreted Values per minimum authorized Compound Accreted Value at maturity for any Capital Appreciation Bonds being sold, setting forth the Compound Accreted Value of each such Capital Appreciation Bond on each semiannual compounding date, (v) the interest rates on the Current Interest Bonds sold or, in the case of Variable Rate Bonds, a description of the method of determining the interest rate applicable to such Variable Rate Bonds from time to time, (vi) the specific maturities, series and amounts of the Outstanding Indebtedness to be refunded with proceeds of the Bonds, (vii) a description of any Existing Interest Rate Exchange Agreements to be terminated, amended or otherwise modified in connection with the refunding of such Outstanding Indebtedness and identifying any settlement, breakage or termination amount to be paid in connection with each such termination, amendment or modification, (viii) the date on and price at which the Outstanding Indebtedness selected for refunding shall be redeemed (if such redemption shall occur prior to stated maturity or pursuant to mandatory sinking fund redemption), (ix) the disposition of the taxes levied for the years from and after 2012 for the payment of the Outstanding Indebtedness or any Existing Interest Rate Exchange Agreements as authorized by Section 15 hereof, (x) the identity of the insurer or insurers issuing the insurance policy or policies, if any, referred to below, and the identity of the provider or providers of one or more Credit Facilities, if any, for such Bonds, (xi) the identity of the Underwriters (or, in the case of Retail Bonds, the Selling Agents and in the case of Direct Purchase Bonds, the Direct Purchasers) selected for such Bonds, (xii) the identity of the applicable Bond Registrar and any trustee or trustees selected by an Authorized Officer for such Bonds, (xiii) the identity of any remarketing agent retained in connection with the issuance of Variable Rate Bonds, if any, (xiv) the compensation paid to the Underwriters (or, in the case of Retail Bonds, the Selling Agents) in connection with such sale, (xv) the identity of any Refunding Escrow Agent (as defined in Section 13(b) hereof) appointed by an Authorized Officer in connection with the refunding of Outstanding Indebtedness, and (xvi) any other matter authorized by this Ordinance to be determined by an Authorized Officer at the time of the sale of the Bonds of each series.

In connection with any sale of the Bonds, an Authorized Officer is hereby authorized to execute and deliver one or more Continuing Disclosure Undertakings (each a "*Continuing Disclosure Undertaking*") evidencing the City's agreement to comply with the requirements of Section (b)(5) of Rule 15c2-12, adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, in a form approved by the Corporation Counsel. Upon its execution and delivery on behalf of the City as herein provided, each Continuing Disclosure Undertaking will be binding on the City, and the officers, employees and agents of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Continuing Disclosure Undertaking as executed. Either Authorized Officer is hereby further authorized to amend each Continuing Disclosure Undertaking in accordance with its respective terms from time to time following its execution and delivery as said officer shall deem necessary. In addition, an Authorized Officer is authorized to make all future filings with the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board or such other municipal securities information repository as shall be designated by the SEC, all in

accordance with the provisions of Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. Notwithstanding any other provision of this Ordinance, the sole remedies for any failure by the City to comply with any Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any applicable Bond to seek mandamus or specific performance by court order to cause the City to comply with its obligations under such Continuing Disclosure Undertaking.

The Bonds shall be duly prepared and executed in the form and manner provided herein and delivered to the purchasers in accordance with the applicable terms of sale.

The Mayor, each Authorized Officer, the City Treasurer and the City Clerk are each hereby authorized to execute and deliver such other documents and agreements (including such contracts, such intergovernmental agreements or such grant agreements with not-for-profit organizations, educational or cultural institutions or for-profit organizations or to assist the State of Illinois, the United States of America, or other municipal corporations, units of local government or school districts in the State of Illinois, receiving proceeds of the Bonds as an Authorized Officer shall deem necessary and appropriate) and perform such other acts prior to or following the issuance of the Bonds as may be necessary or desirable in connection with the issuance of the Bonds and any transactions contemplated herein related to the application of the proceeds of the Bonds or collections or application of taxes levied for the payment of the Bonds or the Outstanding Indebtedness or other purposes hereunder, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any such actions heretofore taken by the Mayor, an Authorized Officer, the City Treasurer or the City Clerk in accordance with the provisions hereof are hereby ratified and approved. With respect to each grant of Bond proceeds, each Authorized Officer is hereby authorized to designate in writing, with the written concurrence of the Budget Director of the City (the "*Budget Director*"), (i) one or more City departments or agencies to administer such grant, and (ii) the head of the City department or agency who shall be authorized to execute a grant agreement and such other documents, agreements or instruments as shall be deemed necessary or desirable by such City department or agency head. Upon any such written designation by an Authorized Officer with respect to a grant of Bond proceeds, such City department or agency shall be authorized to administer such grant and the head of such City department or agency shall be authorized to execute a grant agreement and such other documents, agreements or instruments as such official shall deem necessary or desirable.

Section 13. The proceeds from the sale of any series of the Bonds shall be used as follows:

(a) The sum representing the accrued interest received, if any, shall be used to pay the first interest becoming due on the Bonds sold, and to that end, shall be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established.

(b) From the sale proceeds derived from any such sale of a series of the Bonds, (i) such sum as may be determined by an Authorized Officer to be necessary to

pay not more than three years of interest on the Bonds issued to pay costs of the Project may be used to pay such interest, and to that end, may be deposited in the applicable Bond Fund or the applicable Ad Valorem Tax Escrow Account, if established; (ii) the sum determined by an Authorized Officer to be necessary to pay the costs of the Project shall be set aside, held and invested at the direction of an Authorized Officer, as separate funds of the City pending such payment, *provided* that proceeds of the Bonds issued to finance the Pension Contributions shall be paid into the Pension Funds as and when required by law; (iii) the sum determined by an Authorized Officer to capitalize or fund interest on Outstanding Indebtedness shall be deposited into the respective debt service funds established for the Outstanding Indebtedness; (iv) the sum determined by an Authorized Officer to be sufficient to pay the Outstanding Indebtedness being refunded at or prior to their respective maturities, at a price of par, the applicable redemption premium and accrued interest thereon up to and including said redemption or maturity dates shall be deposited into the respective debt service funds established for the Outstanding Indebtedness or into one or more "Refunded Bonds Escrow Accounts" to be held by one or more banks or trust companies to be designated by an Authorized Officer (each a "*Refunding Escrow Agent*"), each pursuant to the terms of an escrow agreement (each a "*Refunding Escrow Agreement*"), and the Mayor, an Authorized Officer and the City Clerk, or any of them, are hereby authorized to execute and deliver each Refunding Escrow Agreement, and any amendment thereto, in such form as the officer so executing shall deem appropriate to effect the refunding or refundings described in this paragraph and (v) the sum determined by an Authorized Officer to be sufficient to provide for the payment of any settlement, breakage or termination amount payable in connection with the termination, amendment or modification of an Existing Interest Rate Exchange Agreement shall be paid to the City's counterparty or counterparties thereunder. Notwithstanding any provision of the Municipal Code, investments acquired with proceeds of the Bonds or investment income thereon may mature beyond ten years from the date of acquisition, and may include but are not limited to agreements entered into between the City and providers of securities under which agreements such providers agree to purchase from or sell to the City specified securities on specific dates at predetermined prices, all as established at the time of execution of any such agreement and as set forth in such agreement, and guaranteed investment contracts, forward purchase agreements and other similar investment vehicles. Such guaranteed investment contracts, forward purchase agreements and other similar investment vehicles may, to the extent permitted by operative authorizing documents and by applicable law, be assigned or transferred from one bond transaction to another or apply to the proceeds of more than one bond transaction on a commingled or non-commingled basis, as determined by an Authorized Officer. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, as may be necessary or desirable in this respect. Investment income derived from Bond proceeds may be (w) expended for the same purposes for which Bond proceeds may be expended, (x) used for the payment or prepayment of City debt obligations, (y) deposited in the Corporate Fund of the City or (z) rebated to the United States of America as

provided in Section 16 hereof, all as determined by an Authorized Officer or the Budget Director. Any commingled investment income from guaranteed investment contracts, forward purchase agreements and other similar investment vehicles shall be apportioned among bond transactions as determined by an Authorized Officer or as otherwise required by operative authorizing documents and applicable law.

(c) From the sale proceeds of a series of the Bonds not applied as provided in paragraphs (a) and (b), above, the amount deemed necessary by an Authorized Officer shall be applied to the payment of the costs of issuance of such Bonds, including the premium or fee for bond insurance or other credit or liquidity enhancement, if any, and any unexpended portion of the sale proceeds shall be paid to the City.

The costs of the Project may be paid directly by the City or may be financed by the making of grants for the implementation of the Project to (i) not-for-profit organizations, educational or cultural institutions or for-profit organizations, (ii) the United States of America, (iii) the State of Illinois or (iv) other units of local government, political subdivisions, municipal corporations or school districts in the State of Illinois, including any operating division thereof, all as determined by an Authorized Officer.

An Authorized Officer shall report to the City Council with respect to the expenditure of the proceeds of each series of the Bonds issued hereunder to pay the costs of the Project. Such reports shall be made no later than August 1 of each year, commencing August 1, 2014, with respect to expenditures made during the preceding calendar year. No report shall be required hereunder following any calendar year in which no proceeds of any series of the Bonds are expended to pay costs of the Project.

Section 14. (a) The Mayor or an Authorized Officer is hereby authorized to execute and deliver, with respect to all or any portion of the Outstanding Indebtedness, the Bonds, and any General Obligation Indebtedness (as defined below) that may be issued in the future (collectively, "*City Indebtedness*"), from time to time one or more agreements, or options to enter into such agreements, with counterparties selected by an Authorized Officer, the purpose of which is to provide to the City (i) an interest rate basis, cash flow basis, or other basis different from that provided in the related City Indebtedness for the payment of interest or (ii) with respect to a future delivery of general obligation bonds, notes or commercial paper (collectively, "*General Obligation Indebtedness*"), one or more of a guaranteed interest rate, interest rate basis, cash flow basis, or purchase price (such agreements or options to enter into such agreements being collectively referred to as "*Interest Rate Exchange Agreements*"). Interest Rate Exchange Agreements include without limitation agreements or contracts commonly known as interest rate exchange, swaps, including forward starting swaps, collar, caps, or derivative agreements, forward payment conversion agreements, interest rate locks, forward bond purchase agreements, bond warrant agreements, or bond purchase option agreements and also include agreements granting to the City or a counterparty an option to enter into any of the foregoing and agreements or contracts providing for payments based on levels of or changes in interest rates, including a change in an interest rate index, to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure. The

stated aggregate notional amount (net of offsetting transactions) under all Interest Rate Exchange Agreements related to certain City Indebtedness shall not exceed the principal amount of such City Indebtedness to which such Interest Rate Exchange Agreements relate. For purposes of the immediately preceding sentence, "*offsetting transactions*" shall include any transaction which is intended to hedge, modify or otherwise affect another outstanding transaction or its economic results. The offsetting transaction need not be based on the same index or rate option as the related City Indebtedness or the transaction being offset and need not be with the same counterparty as the transaction being offset. Examples of offsetting transactions include, without limitation, a floating-to-fixed rate interest rate swap being offset by a fixed-to-floating rate interest rate swap, and a fixed-to-floating rate interest rate swap being offset by a floating-to-fixed rate interest rate swap or an interest rate cap or floor or a floating-to-floating interest rate swap.

Any Interest Rate Exchange Agreement to the extent practicable shall be in substantially the form of either the 2002 ISDA Master Agreement or the Local Currency — Single Jurisdiction version or the Multicurrency — Cross Border version of the 1992 ISDA Master Agreement (including a Schedule and/or a Credit Support Annex to such Schedule, if applicable) published by ISDA or any successor form to either published by ISDA, and in the appropriate confirmations of transactions governed by the applicable agreement, with such insertions, completions and modifications thereof as shall be approved by the officer of the City executing the same, his or her execution to constitute conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Should any ISDA form not be the appropriate form to accomplish the objectives of the City under this Section 14, then such other agreement as may be appropriate is hereby approved, the execution by the Mayor or an Authorized Officer being conclusive evidence of the City Council's approval of such insertions, completions and modifications thereof. Amounts payable by the City under any Interest Rate Exchange Agreement shall (i) constitute a general obligation of the City for which is pledged its full faith and credit, (ii) be payable from a tax unlimited as to rate or amount that may have heretofore or shall be hereafter levied by the City Council (including, with respect only to an Interest Rate Exchange Agreement relating to the Bonds, the tax levy described in Section 7 hereof), (iii) constitute operating expenses of the City payable from any monies, revenues, income, assets or funds of the City available for such purpose, or (iv) constitute any combination of (i), (ii), and (iii), all as shall be determined by an Authorized Officer. Nothing contained in this Section 14 shall limit or restrict the authority of the Mayor or an Authorized Officer to enter into similar agreements pursuant to prior or subsequent authorization of the City Council.

The Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any Interest Rate Exchange Agreement upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from proceeds of sale of the Bonds or General Obligation Indebtedness or from any lawfully available funds of the City.

Any amounts received by the City pursuant to any Interest Rate Exchange Agreement (other than regularly scheduled payment amounts) are hereby authorized to be expended for any purpose for which the proceeds of the related City Indebtedness are authorized to be expended and for the payment or prepayment of any City Indebtedness, all as determined by an Authorized Officer.

In addition to the foregoing, the Mayor and an Authorized Officer are hereby authorized to take all actions necessary to assign, terminate, amend or modify all or a portion of any agreement of the type described herein as an Interest Rate Exchange Agreement with respect to any Outstanding Revenue Indebtedness upon a determination that such assignment, termination, amendment or modification is in the best financial interest of the City. Any settlement, breakage or termination amount payable as a result of such assignment, termination, amendment or modification may be paid from the sources provided for the payment of such agreements in the proceedings authorizing the Outstanding Revenue Indebtedness to which such agreements relate or from any other lawfully available funds of the City.

(b) It is necessary and in the best interests of the City to avail itself of the services of Swap Providers under the statutory and regulatory regime contained in the Dodd-Frank Act and the CFTC Regulations and in connection therewith, in addition to the amendments to the Municipal Code contained in Section 26 hereof, the Mayor and each Authorized Officer are each hereby authorized to execute and deliver (i) the ISDA Protocol Documentation in the form at the time prescribed by ISDA, which may include, among other documentation, the ISDA DF Protocol Agreement, the ISDA DF Supplement, the ISDA DF Protocol Questionnaire and related Addenda and (ii) one or more bilateral agreements with one or more providers of Interest Rate Exchange Agreements (each, a "*Bilateral Agreement*"), which Bilateral Agreements shall be responsive to the applicable provisions of the Dodd-Frank Act and the CFTC Regulations and contain provisions similar to those in the ISDA Protocol Documentation. The ISDA Protocol Documentation and the Bilateral Agreements shall be executed in the forms as described above, in each case with such revisions, insertions, completions and modifications therein as shall be approved by the Mayor or Authorized Officer executing the same that are not inconsistent with the terms and provisions of this Ordinance, such execution to constitute conclusive evidence of the approval of the Mayor or Authorized Officer executing the same and this City Council of such revisions, insertions, completions and modifications thereof.

Section 15. The taxes levied for the years from and after 2012 for the payment of the Outstanding Indebtedness or amounts due under any Existing Interest Rate Exchange Agreement, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof or for the payment of amounts due under an Existing Interest Rate Exchange Agreement due to the termination of such Existing Interest Rate Exchange Agreement as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied (A) as set forth in the next paragraph or (B) to any other lawful public purpose of the City designated by the City Council including (i) the purposes set forth in clauses (i), (ii), (iii), (iv), (v) and (vi) of the first paragraph of Section 7 of this Ordinance, (ii) the payment of the costs of any capital projects for which funds have been lawfully appropriated or (iii) the abatement of such taxes. There shall be

prepared by an Authorized Officer and filed with the County Clerks a certificate of reduction of taxes heretofore levied for the payment of the Outstanding Indebtedness selected for refunding by an Authorized Officer as provided in Sections 12 and 13 hereof and directing the abatement of the taxes heretofore levied to pay the Outstanding Indebtedness being refunded, including the taxes levied for the years from and after 2012, if so determined by an Authorized Officer as provided in the preceding sentence. In addition, any proceeds of the Outstanding Indebtedness being held for the payment of the Outstanding Indebtedness, to the extent such proceeds are not necessary for the payment of the Outstanding Indebtedness due to the refunding thereof as authorized herein or pursuant to any other authorization, may, at the direction of an Authorized Officer, be applied to any lawful public purpose of the City designated by the City Council, including the payment of the Bonds (but in the case of Bonds the interest on which is excluded from gross income for federal income tax purposes, only upon receipt by the City of an opinion of Bond Counsel to the effect that such will not adversely affect the tax-exempt status of the Bonds).

Furthermore, notwithstanding any other provision hereof, taxes levied for the years 2012 to 2014, inclusive, for the payment of Outstanding Indebtedness, to the extent the collection of such taxes is not necessary for the payment of all or a portion of the Outstanding Indebtedness due to the refunding thereof with the proceeds of the Bonds may, in addition to the other purposes set forth above, be applied to the payment of the principal of and interest due on General Obligation Commercial Paper Notes due on or before January 31, 2017, at the direction of an Authorized Officer. Any directions or determinations by an Authorized Officer pursuant to this paragraph shall be filed with the City Clerk no later than the date a levy is applied to the payment of commercial paper as provided herein.

Section 16. The City covenants that it will take no action in the investment of the proceeds of the Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes) which would result in making the interest payable on any of such Bonds subject to federal income taxes by reason of such Bonds being classified as "*arbitrage bonds*" within the meaning of Section 148 of the Code.

The City further covenants that it will act with respect to the proceeds of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the earnings on the proceeds of such Bonds and any other moneys on deposit in any fund or account maintained in respect of such Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on such Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code.

Each Authorized Officer is hereby authorized to execute such certifications, tax returns, covenants and agreements as shall be necessary, in the opinion of nationally recognized bond counsel, or in the best interest of the City, as determined by an Authorized Officer, to evidence the City's compliance with the covenants contained in this section. Each Authorized Officer is

hereby authorized to execute one or more declarations of intent to reimburse costs of the Project in accordance with the Code and the Treasury Regulations thereunder.

Section 17. This Ordinance is prepared in accordance with the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance and the Bonds, including, but not limited to, the exercise following the delivery date of any of the Bonds of any power or authority delegated to such official of the City under this Ordinance with respect to the Bonds upon the initial issuance thereof, but subject to any limitations on or restrictions of such power or authority as herein set forth, and any actions heretofore taken by such officers of the City in accordance with the provisions of this Ordinance are hereby ratified and approved.

Section 18. The Mayor and each Authorized Officer may each designate another to act as their respective proxy and, as applicable, to affix their respective signatures to the Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or an Authorized Officer pursuant to this Ordinance and any instrument, certificate or document required thereby. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and each Authorized Officer, respectively. A written signature of the Mayor or of an Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of Proceedings of the City Council for such date and filed in the office of the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of an Authorized Officer is so affixed to an instrument, certificate or document at the direction of such Authorized Officer, the same, in all respects, shall be as binding on the City as if signed by such Authorized Officer in person.

Section 19. If requested by the Bond Registrar, the Mayor, each Authorized Officer and the City Clerk are each authorized to execute the standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties thereof.

Section 20. If payment or provision for payment is made, to or for the registered owners of all or a portion of the Bonds, of the Compound Accreted Value of any Capital Appreciation Bond and the principal of and interest due and to become due on any Current Interest Bond or Variable Rate Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or such bank or trust company as shall be designated by an Authorized Officer (such bank or trust company hereinafter referred to as a "Defeasance Escrow Agent"), all sums of money due and to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease,

terminate and be void as to those Bonds or portions thereof except for purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations. Any Bond shall be deemed to be paid within the meaning of this section when payment of the Compound Accreted Value of any such Capital Appreciation Bond or the principal of any such Current Interest Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Ordinance or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent as provided in Section 9 hereof or a Defeasance Escrow Agent, in trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2)(A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) obligations of the following agencies: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations, and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C), or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants). At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations.

No such deposit under this section shall be made or accepted hereunder and no use made of any such deposit unless, in the case of Bonds (other than Bonds issued as bonds the interest on which is not excludable from the gross income of the owner thereof for federal income tax purposes), the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent or the applicable Defeasance Escrow Agent, as the case may be, shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any of such Bonds to be treated as "*arbitrage bonds*" within the meaning of Section 148 of the Code or any successor provision thereto.

Nothing in this Ordinance shall prohibit a defeasance deposit of escrow securities as provided in this section or a defeasance deposit with respect to the Outstanding Indebtedness pursuant to any Refunding Escrow Agreement authorized by Section 13(b) hereof, from being subject to a subsequent sale of such escrow securities and reinvestment of all or a portion of

the proceeds of that sale in escrow securities which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Bonds or Outstanding Indebtedness, as appropriate. Amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, any Defeasance Escrow Agent or any Refunding Escrow Agent in excess of the amounts needed so to provide for payment of the defeased Bonds or Outstanding Indebtedness, as appropriate, may be subject to withdrawal by the City. The Mayor or an Authorized Officer is hereby authorized to execute and deliver from time to time one or more agreements (and amendments thereto) with counterparties selected by an Authorized Officer, with respect to the investment and use of such excess amounts held by the applicable Bond Registrar, the applicable Ad Valorem Tax Escrow Agent, a Defeasance Escrow Agent or a Refunding Escrow Agent.

Section 21. Notwithstanding any other provisions of this Ordinance, the terms and provisions of the trust indenture securing a series of Variable Rate Bonds as authorized in Section 2 hereof with respect to (a) the authentication, registration, transfer and destruction or loss of such Variable Rate Bonds, (b) subject to the limitation on redemption price set forth in Section 3(d) hereof, the redemption of such Variable Rate Bonds, or (c) the method of payment or defeasance of such Variable Rate Bonds, shall apply to such Variable Rate Bonds issued pursuant to this Ordinance. With respect to the Direct Purchase Bonds, an Authorized Officer is authorized to negotiate the terms and provisions of such Direct Purchase Bonds in addition to or as an alternative to the terms and provisions of the trust indenture securing a series of Variable Rate Bonds.

Section 22. Any series of the Bonds, the Outstanding Indebtedness or the Outstanding Revenue Indebtedness may be restructured in a manner authorized by the Mayor or an Authorized Officer, including but not limited to (a) terminating credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (b) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with similar credit enhancement or liquidity from a different provider, (c) replacing credit enhancement or liquidity facilities for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with different forms of credit enhancement or liquidity from the same or a different provider, (d) adding additional credit enhancement or liquidity supplemental to that securing a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, (e) removing or amending provisions for a series of Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, or in financing documents related thereto, to or for the benefit of credit enhancers or liquidity providers or adding provisions for the benefit of new or replacement credit enhancers or liquidity providers, (f) replacing an existing remarketing agent or remarketing agents for Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness with a remarketing agent or remarketing agents selected by an Authorized Officer or assigning an existing remarketing agreement to a remarketing agent or remarketing agents selected by an Authorized Officer, (g) converting to or adding a different interest rate mode or modes under the documents pursuant to which such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness were issued, (h) adding a floating rate note (FRN) mode to any document pursuant to which such Bonds, Outstanding Indebtedness or Outstanding

Revenue Indebtedness were issued or refunding such Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness using an FRN structure, or (i) selling or remarketing Outstanding Indebtedness or Outstanding Revenue Indebtedness pursuant to a direct purchase arrangement to one or more purchasers selected by an Authorized Officer either at par or with a discount or premium, subject to any limitations or restrictions with respect to such actions being taken contained in this Ordinance with respect to the Bonds or an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued, but *provided*, that if determined by an Authorized Officer to be necessary to achieve the financial interests of the City, such limitations or restrictions contained in an ordinance pursuant to which such Outstanding Indebtedness or Outstanding Revenue Indebtedness was issued may be exceeded, but not in excess of the comparable limitations set forth in this Ordinance. The Mayor or an Authorized Officer is hereby authorized to enter into any amendments to or restatements of existing documents or to execute new documents, to consent to actions being taken by others or to obtain the consent of other parties, and to cause to be prepared such remarketing documents, including disclosure documents, as may be necessary or desirable to effect any such debt restructuring and facilitate the remarketing of the Bonds, Outstanding Indebtedness or Outstanding Revenue Indebtedness, and to pay the fees, costs and expenses relating thereto, as the Mayor or an Authorized Officer executing the same determines is necessary and desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such amendments.

Section 23. Any funds heretofore or hereafter received by the City, pursuant to any Interest Rate Exchange Agreement and in connection with Outstanding Indebtedness, are hereby authorized to be expended for the payment or prepayment of any City Indebtedness; *provided however*, notwithstanding the foregoing, such authorization shall not apply to any funds the expenditure of which shall have been heretofore authorized by other applicable law.

Section 24. To provide increased financial flexibility and protection to the City in connection with Financing Transactions, the Mayor and each Authorized Officer are each hereby authorized to obtain one or more letters of credit, lines of credit, loan payment undertaking agreements or other forms of financial security or credit enhancement to secure payment of amounts due from the City in connection with each such Financing Transaction, including payment of any purchase option price (each such document, instrument or form of financial security or credit enhancement being hereinafter referred to as a "*Financing Credit Facility*") with one or more financial institutions. The Mayor and each Authorized Officer are each hereby authorized to enter into one or more reimbursement agreements (each, a "*Financing Reimbursement Agreement*") and to execute and issue one or more promissory notes (each a "*Financing Note*") in connection with such Financing Credit Facilities. Any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note shall be in substantially the form of the credit facilities, reimbursement agreements and promissory notes, respectively, previously entered into by the City in connection with existing Financing Transactions, existing lines of credit secured by the City or the sale of general obligation bonds or notes by the City, but with such revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable, the execution thereof by the Mayor or an Authorized Officer to evidence the City Council's approval of all such revisions.

The annual fee paid to any financial institution that provides a Financing Credit Facility shall not exceed three percent of the principal amount of the Financing Credit Facility outstanding during such annual period. The final form of any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note entered into by the City pursuant to this paragraph shall be filed in the office of the City Clerk. The payment obligation of the City (each, a "*Financing Payment Obligation*") in connection with any Financing Credit Facility, Financing Reimbursement Agreement or Financing Note shall be a general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each such Financing Payment Obligation shall bear interest at a rate not exceeding 18 percent per annum and shall mature not later than the fortieth anniversary of the final date of payment by the City under the related Financing Transaction (including the payment of any purchase option price). The Mayor and each Authorized Officer are each hereby authorized to execute and deliver any such Financing Credit Facility, Financing Reimbursement Agreement or Financing Note, and any amendment thereto or replacement thereof, under the seal of the City affixed and attested by the City Clerk. In connection with any Financing Transaction, the Mayor and each Authorized Officer are each hereby authorized to retain one or more financial institutions to act as paying agent on behalf of the City. The City shall appropriate or otherwise provide amounts sufficient to pay when due all Financing Payment Obligations, and the City hereby covenants to take timely action as required by law to carry out the provisions of this paragraph, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 25. Section 3 of the 2002 Ordinance is hereby amended in its entirety to read as follows:

Section 3. Maximum Amount and Term. Without further authorization of this City Council, the maximum aggregate principal amount of all Authorized Debt outstanding under this ordinance at any time shall not exceed One Billion Dollars (\$1,000,000,000) (exclusive of unpaid interest and fees). All Authorized Debt shall mature on or prior to January 1, 2032.

Section 26. Section 2-32-031 of the Municipal Code is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

2-32-031 Debt Management Policies; retention of rebate calculation agents, financial advisors and qualified independent representatives.

(a) The chief financial officer and the comptroller shall each have authority to retain, in connection with debt obligations issued by the City, such rebate calculation agents as either such officer may deem necessary or desirable in order for such debt obligations to comply with applicable requirements of the Internal Revenue Code. ~~As used in this section, the term "chief financial officer" shall mean the chief financial officer of the City appointed by the mayor.~~

(b) The chief financial officer shall have authority to retain, in connection with financial products and debt obligations purchased, entered into and/or issued by the City, such advisors to provide structuring, timing and related advice for such financial products and debt obligations, as deemed necessary, in compliance with the applicable requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, and the regulations in connection therewith.

(c) The chief financial officer shall have authority to retain, in connection with debt obligations issued by the City, such qualified independent representatives for selecting, retaining and monitoring the performance of the City's interest rate exchange agreements, as deemed necessary or desirable in order for such interest rate exchange agreements to comply with applicable requirements of the Dodd-Frank Act and the regulations in connection therewith. As used in this section, "interest rate exchange agreements" shall mean those certain interest rate exchange agreements entered into pursuant to an ordinance of the city council authorizing the issuance of a series of bonds.

(d) The chief financial officer shall have authority to adopt written policies which shall address the management of the city's bond, note and other debt issuances, including the entering into of interest rate exchange agreements and hiring of advisors in connection therewith. The chief financial officer may amend such written policies from time to time. Copies of each such written policy and any amendments thereto shall be kept on file with the comptroller.

Section 27. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this Ordinance or the instruments authorized by this Ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of or interest on the Bonds or to impair the security for the Bonds; *provided further* that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

Section 28. This Ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least five copies hereof, which copies are to be made available in her office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance.

Section 29. This Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided herein.

APPROVED
Stephen R. Feltner
CORPORATION COUNSEL

APPROVED
Richard E. Emmert, Jr.
2/7/14 Mayor