



# City of Chicago



O2020-873

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	2/19/2020
<b>Sponsor(s):</b>	Villegas (36)
<b>Type:</b>	Ordinance
<b>Title:</b>	Issuance of Series of Building Chicago Neighborhoods General Obligation Mini Bonds
<b>Committee(s) Assignment:</b>	Committee on Finance

## **ORDINANCE**

### **Providing for the issuance of a Series of Build Chicago Neighborhoods General Obligation Mini Bonds**

**WHEREAS**, The City of Chicago (the "City") may, under the authority granted by Section 6(a) of Article VII of the Illinois Constitution of 1970, as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, exercise any power and perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and to incur debt; and

**WHEREAS**, The City has the authority to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

**WHEREAS**, The City Council of the City has not adopted any ordinance, resolution, order or motion or provided any City Code provisions which restrict or limit the exercise of the home rule powers of the City in the issuance of general obligation bonds without referendum for corporate purposes or which provides any special rules or procedures for the exercise of such power; and

**WHEREAS**, It is in the best interests of the City and its citizens and businesses, and necessary for the government and affairs of the City, that the City from time to time authorize the issuance and sales of no less than one-hundred thousand (100,000) bonds in the amount of five-hundred dollars (\$500), for the purpose of (1) funding, in each Ward of the City in the year 2021 and every two years thereafter, five-hundred thousand dollars (\$500,000) of capital projects and purposes (including cost of issuance) as are identified by the Alderman of each Ward through such processes as are established by her or him (the "*Mini Bonds*"); (2) engendering support for the such projects and purposes from the City's inhabitants, businesses, and visitors; and (3) promoting financial investments and long-term financial planning among the City's inhabitants while creating opportunities for them to invest in the City; and

**WHEREAS**, The City Council has previously made and does now affirm the determination that it is desirable and in the public interest of the City to undertake certain City construction, acquisition, equipment and financing projects as are hereafter specifically identified by the Alderman of each Ward, pursuant to a community-based planning process established and publicly posted by such Alderman, with respect to that portion of the Mini Bond proceeds dedicated to the applicable Ward in accordance with this Ordinance (the "*Capital Projects*"); and

**WHEREAS**, The individual components of the Capital Projects to be financed hereunder shall be as hereafter approved by the City Council but shall be generally as hereinabove

described; and

**WHEREAS,** The aggregate costs of the Capital Projects, including landscaping and improvement of grounds, the acquisition of real property or rights therein and such personalty or rights therein as may be necessary for the efficient acquisition, construction or operation of the Capital Projects, operating costs, architectural, consulting, engineering, financial advisory, legal and related professional services, capitalized interest, bond discount and interest, trustee, accounting and other financial fees, and such appurtenances as shall be necessary, are in excess of funds lawfully available and on hand and anticipated to be on hand from time to time; and

**WHEREAS,** The City Council accordingly do hereby determine that it is advisable and in the best interests of the City and its inhabitants, businesses, and visitors, to borrow from time to time for the purpose of paying the costs of the Capital Projects, and to pay costs of issuance, and, in evidence of such borrowing, to issue one or more series of full faith and credit Mini Bonds of the City as hereinafter authorized; and

**WHEREAS,** The City Council heretofore have, and it hereby expressly is, determined that such Mini Bonds (hereinafter, the "*Bonds*") shall be issued in separate or in joint series from time as provided herein, subject to those limitations as hereinafter set forth; now therefore

Be It Ordained by the City Council of The City of Chicago, Illinois, as follows:

#### **SECTION 1.        DEFINITIONS.**

The following words and terms are defined as set forth, unless the context or use indicates another or different meaning:

"*Act*" means the City Code, as supplemented and amended by the Local Government Debt Reform Act of the State of Illinois, and the other Omnibus Bond Acts, as amended, and as further supplemented and, where necessary, superseded by the City's home rule powers under Section 6 of Article VII of the 1970 Constitution of the State of Illinois.

"*Agency Obligation*" means obligations issued or guaranteed by any of the following agencies, *provided* that such obligations are backed by the full faith and credit of the United States of America: Export-Import Bank of the United States direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Farmers Home Administration certificates of beneficial ownership; Federal Housing Administration Debentures; Government National Mortgage Association guaranteed mortgage-backed bonds; General Services Administration participation certificates; United States Maritime Administration obligations guaranteed under Title XI; New Communities Debentures; United States Public Housing Notes and Bonds; and United States Department of Housing and Urban Development Project Notes and Local Authority Bonds.

"*Authorized Denomination*" means \$500.

"*Bond Counsel*" means, for any Series of Bonds, a bond counsel delivering its approving legal opinion in connection with that Series of Bonds.

*"Bond Fund"* means the account of that name established and further described in this Ordinance.

*"Bond Moneys"* means the Pledged Taxes, any other moneys deposited into the Bond Fund and investment income earned in the Bond Fund.

*"Bond Order"* means each written Bond Order, Notification of Sale and Direction to Levy Taxes as authorized to be executed by the Designated Officers by which the final terms of a Series of Bonds shall be established, all as hereinafter provided.

*"Bond Register"* means the books for the registration and transfer of the Bonds to be kept by the Trustee on behalf of the City.

*"Bonds"* means the bonds authorized under this Ordinance and to be issued in one or more Series pursuant to this Ordinance and one or more Bond Orders.

*"Book Entry Form"* means the form of Bonds as fully registrable and available in physical form only to the Depository, in the event the Bonds are not bearer bonds.

*"Business Day"* means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the applicable Escrow Agent or Trustee maintains an office designated for the purpose, are required or authorized to close.

*"Capital Appreciation Bonds"* means Bonds payable in one payment on only one fixed date.

*"Capital Projects"* has the meaning ascribed in the preamble.

*"Capital Project Funds"* means any of the Capital Project Funds if established and as further described in this Ordinance.

*"Chief Financial Officer"* means the Chief Financial Officer of the City.

*"Code"* means the Internal Revenue Code of 1986, as amended.

*"Commitment"* means (i) a commitment to issue a financial guaranty or municipal bond insurance policy issued by an Insurer and relating to a Series of Bonds and (ii) any separate municipal bond or financial guaranty insurance agreement between the City and an Insurer executed in connection with the issuance by such Insurer of its insurance policy with respect to a Series of Bonds.

*"Compound Accreted Value"* means, for any Capital Appreciation Bond, on any date of determination, an amount equal to the Original Principal Amount of such Bond (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 approximate yield to maturity borne by such Bond.

*"City Clerk"* means the Clerk of the City.

*"Current Interest Bonds"* means Bonds bearing interest at fixed rates and paying interest semiannually (which may have a first odd period for interest not greater than one

year).

*"Defeasance Obligation"* means, for any Series of Bonds, obligations which are non-callable or otherwise subject to prepayment or acceleration and which are lawful investments for the City when purchased and limited to (1) (a) Agency Obligations, (b) Federal Obligations, (c) the interest component of the obligations of Resolution Funding Corp which have been stripped by request to the Federal Reserve Bank of New York and are in book entry form, (d) pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by Standard & Poor's and which pre-refunded bonds have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or (2) other obligations as may be permitted by the Insurer in its Policy for that Series of Bonds and related documents.

*"Depository"* means The Depository Trust Company, a New York limited trust company, its successor or a successor depository qualified to clear securities under applicable state and federal law.

*"Designated Officer"* means the Mayor, Chief Financial Officer or any other officer, official or employee of the City so designated by a written instrument signed by the Mayor or the Chief Financial Officer and filed with the Trustee.

*"Escrow Agent"* means, for any Series of Refunding Bonds, that institution, having fiduciary capacity, so designated in the relevant Bond Order, and successors and assigns.

*"Escrow Agreement"* means a written agreement by and between the City and the Escrow Agent and executed to effectuate a Refunding.

*"Federal Obligation"* means any direct obligation of, or any obligation the timely payment of principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

*"Financial Advisor"* means, for any Series of Bonds, the financial advisor consulting with the City as to the sale and delivery of that Series of Bonds.

*"Financial Management Project Funds"* means either of the Financial Management Project Funds if established and as further described in this Ordinance.

*"Indenture"* means a trust indenture by and between the City and the Trustee as authorized herein for the issuance of the Bonds.

*"Insurer"* means any recognized issuer of a municipal bond or financial guaranty insurance policy insuring one or more series of Bonds as selected by the Chief Financial Officer and so designated in a Bond Order, and its successors and assigns.

*"Maturity Amount"* means, for Capital Appreciation Bonds, Compound Accreted Value at maturity.

*"Ordinance"* means this Ordinance as originally introduced and adopted and as the same may from time to time be amended or supplemented in accordance with the terms hereof.

*"Outstanding Bonds"* means Bonds which are outstanding and unpaid; *provided, however*, such term shall not include Bonds (a) which have matured and for which monies are on deposit with proper paying agents or are otherwise properly available sufficient to pay all principal thereof and interest thereon; or (b) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds, which may be invested in Defeasance Obligations, the principal of and interest on which will be sufficient, with any funds left uninvested, to pay at maturity or as called for redemption all the principal of and interest on such Bonds, all as provided in and pursuant to Section 20 of this Ordinance.

*"Pledged Taxes"* means the unlimited ad valorem taxes levied herein and pledged hereunder by the City as security for the Bonds, any additional taxes as may be hereafter levied for any Bonds pursuant to the covenant contained in Section 9 of this Ordinance and any accrued interest received upon the sale of the Bonds and deposited into the Bond Fund.

*"Policy"* means a municipal bond or financial guaranty insurance policy issued for a Series of Bonds by an Insurer.

*"Private Business Use"* means any use of any portion of the Public Safety Funds Project, the Health Fund Project, the Corporate Fund Project or the Capital Equipment Project by any person other than a state or local governmental unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of any portion of the Public Safety Funds Project, the Health Fund Project, the Corporate Fund Project or the Capital Equipment Project on the same basis as the general public. "Private Business Use" includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Public Safety Funds Project, the Health Fund Project, the Corporate Fund Project or the Capital Equipment Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Public Safety Funds Project, the Health Fund Project, the Corporate Fund Project or the Capital Equipment Project that is not available for use by the general public.

*"Project Fund"* means each fund included in the Capital Project Funds and the Financial Management Funds established and further described in Section 12 of this Ordinance.

*"Purchase Price"* means the price paid by the Underwriters for a Series of Bonds as provided in a relevant Bond Order.

*"Qualified Investments"* means any investment of proceeds of Bonds as may be permitted under the investment policy of the City and as defined in a Bond Order.

*"Refunded Bonds"* means any Prior Bonds, Refunding Bonds or Project Bonds refunded incidental to the Refunding.

*"Regulations"* means regulations promulgated by the United States Treasury and applicable to Tax Exempt Bonds or Tax Advantaged Bonds.

*"Regular Record Date"* means, for any Current Interest Bonds or Capital Appreciation Bonds, the 1st day of the month in which any regularly scheduled interest payment date occurs on the 15th day of such month and, in the event of a payment occasioned by a redemption of Bonds on other than a regularly scheduled interest payment date on the 15th day of a month, means the 15th day next preceding such payment date and has the meaning set forth in the relevant Indenture.

*"Representations Letter"* means such letter or agreement as shall be necessary to effectuate a book-entry system for the Bonds, and specifically includes the Blanket Letter of Representations previously executed by the City and the Depository.

*"Restructuring"* means the restructuring of the debt service burden occasioned by the Prior Bonds and the related ad valorem property taxes levied by the City to pay principal of and interest on the Prior Bonds.

*"Series"* means, when appearing as a capitalized term, any one of the separate series of Bonds authorized by this Ordinance as hereinafter provided.

*"Stated Maturity"* means (i) with respect to any Bond or any interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such interest is due and payable, whether by maturity or otherwise, and (ii) with respect to any Capital Appreciation Bond, the date specified in such Bond as the fixed date on which the Maturity Amount of such Bond is due and payable, whether by maturity or otherwise.

*"Tax Advantaged Bonds"* means taxable bonds authorized pursuant to the Code and as so designated pursuant to this Ordinance, the interest on which, but for provisions of the Code or one or more regulations promulgated by the United States Treasury, would be excludable from gross income of the owners thereof under the Code for federal income tax purposes.

*"Tax Exempt"* means, with respect to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes, except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. For purposes of Sections 13 through 17 herein, the term Tax Exempt may be deemed to include Tax Advantaged Bonds.

*"Term Bonds"* means Bonds which are subject to mandatory redemption prior to maturity by operation of the Bond Fund, as hereinafter provided.

*"Trustee"* means, for any Series of Bonds, that financial institution, having fiduciary capacity and meeting all of the requirements set forth in this Ordinance, as identified in a relevant Bond Order.

*"Underwriters"* means, for any Series of Bonds, the purchasers of that Series of Bonds.

*"Underwriters' Counsel"* means, for any Series of Bonds, the underwriters' counsel representing the Underwriters in connection with the sale and purchase of that Series of Bonds.

*"Yield to Maturity"* means for any Capital Appreciation Bond, the approximate yield to maturity borne by such Bond.

C. For all purposes of this Ordinance, except as otherwise expressly provided herein or unless the context otherwise requires:

1. The terms defined in this Section or elsewhere in this Ordinance have the meanings assigned to them and include the plural as well as the singular (or vice-versa).
2. All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles for municipal enterprise funds.
3. All references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted.
4. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.
5. The table of contents preceding and headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

## **SECTION 2. FINDINGS.**

The City Council hereby find that it is necessary and in the best interests of the City that the City provide for each of the Capital Projects and such other purposes as are identified in this Ordinance (together, the "*Purposes*"); that each Purpose is expressly authorized under the Act; and that the Bonds be issued for such Purposes. The City Council hereby find that all of the recitals contained in the preambles to this Ordinance are full, true and correct and do hereby incorporate them into this Ordinance by this reference. It is hereby found and determined that the City Council have been authorized by law to borrow upon the credit of the City and as evidence of such indebtedness to issue at this time one or more Series of Bonds for such Purposes. It is hereby found and determined that such borrowing of money pertains to the government and affairs of the City, is necessary for the welfare of the government and affairs of the City, is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive. The authority to issue the Bonds is the Act, and the Bonds shall be issued pursuant to the Act.

## **SECTION 3. BOND DETAILS.**

For the Purposes, the first Series of Bonds shall be issued under this Ordinance no later than February 15, 2021, *provided that* (i) the aggregate principal amount of the first Series shall be no less than twenty-five millions dollars (\$25,000,000) plus cost of issuance and capitalized



interest, if any; and (ii) the par amount of each Bond in the first Series shall not exceed five-hundred dollars (\$500).

For the Purposes, following the issuance of the first Series of Bonds, additional Bonds shall be issued no later than February 15 every two years thereafter, as may be determined by the City Council (or the Chief Financial Officer, as authorized by the City Council through ordinance), *provided that* (i) the aggregate principal amount of the any Series shall be no less than twenty-five millions dollars (\$25,000,000) plus cost of issuance and capitalized interest, if any; and (ii) the par amount of each Bond in the first Series shall not exceed five-hundred dollars (\$500).

The Bonds shall be designated substantially as "Build Chicago Neighborhoods General Obligation Mini Bonds, Series 201\_\_\_," with such additions or modifications as shall be determined to be necessary by the Chief Financial Officer at the time of the sale of the Bonds to reflect the purpose of the issue, the order of sale of the Bonds, the nature of the Bonds, and any other authorized features of the Bonds determined by the Chief Financial Officer as desirable to be reflected in the title of the Bonds being issued and sold.

All Bonds (i) shall also bear the date of authentication, (ii) shall be in fully registered or registrable form or bearer form (iii) shall be issued in Book Entry Form or bearer form, (iv) shall be in Authorized Denominations as provided in the relevant Bond Order or Indenture (but no single Bond shall represent installments of principal or Compound Accreted Value maturing on more than one date), (v) shall be numbered 1 and upward within each Series, (vi) shall bear interest at the rates percent per annum and (vii) shall mature on such date as may be provided in the relevant Bond Order or Indenture of the years and in the amounts as provided in the relevant Bond Order or Indenture, subject to the limitations set forth below.

All Bonds shall be issued as Tax Exempt or Taxable Bonds.

All or any portion of the Bonds may be issued as Current Interest Bonds.

All or any portion of the Bonds may be issued as Capital Appreciation Bonds.

All or any portion of the Bonds shall be issued as Fixed Rate Bonds.

All or any portion of the Bonds shall be subject to the provisions of the Indenture, if any, for same, to be by and between the City and any Trustee. The Chief Financial Officer is hereby authorized to enter into any Indenture on behalf of the City. Any Indenture shall be in substantially the form of trust indentures previously entered into by the City, with such revisions as the Chief Financial Officer shall determine are necessary or desirable, the execution thereof by Chief Financial Officer to evidence the approval by the City Council of all such revisions.

All Bonds shall become due and payable as provided in the relevant Bond Order, *provided, however*, that no Bond shall have a Stated Maturity which is later than the date which is thirty (30) years after its Dated Date.

Current Interest Bonds shall bear interest at a rate or rates percent per annum, and Capital Appreciation Bonds shall have Yields to Maturity, not to exceed ten percent (10.0%) per annum, and no Capital Appreciation Bond shall have a Yield to Maturity in excess of ten percent (10.0%) per annum. Current Interest Bonds shall bear interest at the rate or rates percent per

annum and Capital Appreciation Bonds shall have Yields to Maturity as provided in the relevant Bond Order or Indenture.

Current Interest Bonds shall bear interest from the later of its Dated 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 year of twelve 30-day months) being payable, subject to the provisions of any Bond Order, on each July 1 and January 1, commencing on such July 1 and January 1 as determined by the Chief Financial Officer in the Bond Order therefor.

Capital Appreciation Bonds shall bear interest from its Dated Date at the rate percent per annum compounded semiannually, subject to the provisions of any Bond Order, on each July 1 and January 1, commencing on such July 1 and January 1 as determined by the Chief Financial Officer in the Bond Order therefor, which will produce the Yield to Maturity until the Stated Maturity thereof or conversion date to Current Interest Bonds. Interest on the Capital Appreciation Bonds shall be payable only at Stated Maturity.

So long as the Bonds are held in Book Entry Form, interest on each Bond shall be paid to the Depository by check or draft or electronic funds transfer, in lawful money of the United States of America, as may be agreed in the Representations Letter; in the event the Bonds should ever become available in physical form to registered owners other than the Depository, interest on each Bond shall be paid by check or draft of the Trustee, payable upon presentation thereof in lawful money of the United States of America, or by electronic funds transfer of lawful money of the United States of America, as may be provided, to the person in whose name such Bond is registered at the close of business on the applicable Regular Record Date, and mailed to the address or transferred to such account of such registered owner as it appears on the Bond Register or at such other address or account as may be furnished in writing to the Trustee.

Principal of and premium (if any) on each Current Interest Bond and the Compound Accreted Value of each Capital Appreciation Bond shall be paid upon surrender in lawful money of the United States of America, at the principal office maintained for the purpose by the Trustee or its proper agent.

The Bonds shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City and shall be signed by the manual or duly authorized facsimile signatures of the Mayor and the City Clerk, as they shall determine, 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.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee 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 Trustee 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 Trustee if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

#### **SECTION 4. BOOK-ENTRY PROVISIONS.**

For each series of Bonds, the Chief Financial Officer shall determine if the Bonds are to be issued in bearer form or book-entry form. If the latter, the Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of each Series of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in such name as may be provided by the Depository (the "*Book Entry Owner*") and, accordingly, in Book Entry Form as provided and defined herein. Any Designated Officer is authorized to execute a Representations Letter or to utilize the provisions of an existing Representations Letter. Without limiting the generality of the authority given with respect to entering into the Representations Letter for the Bonds, it may contain provisions relating to (i) payment procedures, (ii) transfers of the Bonds or of beneficial interests therein, (iii) redemption notices and procedures unique to the Depository, (iv) additional notices or communications, and (v) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds registered in the Bond Register in the name of the Book Entry Owner, neither the City nor the Trustee shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank, or other financial institution being referred to herein as a "*Depository Participant*") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, neither the City nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Book Entry Owner, or any Depository Participant with respect to any ownership interest in the Bonds; (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register or as expressly provided in the Representations Letter, of any notice with respect to the Bonds, including any notice of redemption; or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on, or Maturity Amount of, the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. In the event that (x) the City determines that the Depository is incapable of discharging its responsibilities described herein or in the Representations Letter, (y) the agreement among the City and the Depository evidenced by the Representations Letter shall be terminated for any reason, or (z) the City determines that it is in the best interests of the City or of the beneficial owners of the Bonds that they be able to obtain certificated Bonds; the City shall notify the Depository of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register to the Book Entry Owner. The City may determine at such time that the Bonds shall be registered in the name of and deposited with a successor depository operating a book entry only system, as may be acceptable to the City, or such depository's agent or designee, but if the City does not select such successor depository, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

#### **SECTION 5. REDEMPTION.**

A. **MANDATORY REDEMPTION.** If so provided in the relevant Bond Order or Indenture, any Bonds may be issued as Term Bonds and be subject to mandatory redemption by operation of the Bond Fund, in the case of Current Interest Bonds, at a price of par, without premium, plus accrued interest to the date fixed for redemption, and in the case of Capital Appreciation Bonds

at a price of Compound Accreted Value calculated to the date fixed for redemption, on July 1 (or such other date as may be provided in the relevant Bond Order) of the years and in the amounts and subject to such provisions as shall be set forth in the relevant Bond Order. The City covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds and provide Pledged Taxes accordingly.

In connection with any mandatory redemption of Bonds as authorized above, the principal amounts of such Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the Chief Financial Officer may determine. In the absence of such determination, partial optional redemptions of such Bonds shall be credited against future mandatory redemption requirements in inverse chronological order of such payments beginning with the amount scheduled to become due at Stated Maturity, then the amount subject to mandatory redemption in the year preceding Stated Maturity, and so on. In addition, on or prior to the sixtieth (60th) day preceding any mandatory redemption date, the Trustee may, and if directed by the Chief Financial Officer shall, purchase Bonds of such maturities in an amount not exceeding the amount of such Bonds required to be retired on such mandatory redemption date and at a price not exceeding par plus accrued interest. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the payment required on such next mandatory redemption date.

The City shall provide the Trustee with written notice of such reduction, which notice shall be given within thirty (30) days after such redemption or purchase, and the Trustee shall promptly give written notice of the same to the Bondholders, in the manner hereinafter provided.

B. **OPTIONAL REDEMPTION.** If so provided in the relevant Bond Order or Indenture, any Bonds may be redeemable prior to maturity at the option of the City, in whole or in part on any date, at such times and at such optional redemption prices as shall be determined by the Chief Financial Officer at the time of the sale thereof. Such optional redemption prices shall be expressed as (i) a percentage of the principal amount of Current Interest Bonds to be redeemed or as a percentage of the Compound Accreted Value of Capital Appreciation Bonds to be redeemed, provided that such percentage shall not exceed one hundred percent (100.00%), plus, in the case of Current Interest Bonds, accrued interest to the date of redemption or (ii) a "make-whole" redemption price or (iii) an "extraordinary" redemption price or (iv) any other redemption price as shall then be customary and appropriate for Tax Advantaged Bonds and as shall be determined by the Chief Financial Officer at the time of sale of such Tax Advantaged Bonds. The terms and provisions for any "make-whole" redemption or any "extraordinary redemption" shall be confirmed by the Chief Financial Officer on such dates and to such parties as shall be necessary to effectuate such make-whole redemption or such extraordinary redemption.

If less than all of the Outstanding Bonds of a Series are to be optionally redeemed, the Bonds to be called shall be called from such Series, in such principal amounts and from such maturities as may be determined by the City and within any maturity in the manner hereinafter provided.

C. **REDEMPTION PROCEDURE.** The Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

1. *Redemption Notice.* For a mandatory redemption of Term Bonds, unless otherwise notified by the City, the Trustee shall proceed to redeem the Term Bonds without any further order or direction from the City hereunder or otherwise. For an optional redemption, the City shall, at least forty-five (45) days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount and maturities of Bonds to be redeemed.

2. *Selection of Bonds within a Maturity.* Current Interest Bonds shall be redeemed only in the principal amount of \$500 each and integral multiples thereof, and Capital Appreciation Bonds shall be redeemed only in amounts representing \$500 Maturity Amount and integral multiples thereof. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee for the Bonds of such maturity by such method of lottery as the Trustee shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that each \$500 principal amount or Maturity Amount (as appropriate) of such Bond shall be as likely to be called for redemption as any other such \$500 Bond or \$500 portion. The Trustee shall make such selection (a) upon or prior to the time of the giving of official notice of redemption, or (b) in the event of a refunding or defeasance, upon advice from the City that certain Bonds have been refunded or defeased and are no longer Outstanding as defined.

Alternatively, if so provided in the relevant Bond Order or Indenture, for purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee pro rata based upon a fraction the numerator of which is the principal amount of Bonds to be redeemed on a given date and the denominator of which is the aggregate principal amount of such Series of Bonds and of the given Stated Maturity remaining unpaid immediately prior to such redemption. If the Bonds are held in Book Entry Form at the time of such redemption, the City shall direct the Trustee to instruct the Depository to select the specific Bonds within such maturity for redemption pro rata among such Bonds, which redemption may utilize the Depository's current pro rata pass-through distribution of principal procedure or similar or substituted procedure promulgated from time to time. If while in Book Entry Form the Depository has no procedure for pro rata redemption, then such partial redemption shall be accomplished by lot, as described above. The City and the Trustee shall have no responsibility or obligation to insure that the Depository properly selects such Bonds for redemption.

3. *Official Notice of Redemption.* The Trustee shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class U.S. mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Trustee. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

(a) the redemption date;

(b) the redemption price, or for any optional redemption utilizing a make-whole redemption provision, a description of the formula by which the redemption price shall be determined;

(c) if less than all of the outstanding Bonds of a Series and of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds of a Series within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement 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 from and after said date; and

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office designated for that purpose of the Trustee.

4. *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

5. *Bonds Shall Become Due.* Official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, subject to the stated condition in paragraph 4 immediately preceding, 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) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

6. *Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. *In lieu of the foregoing official notice, so long as the Bonds are held in book entry form, notice may be given as provided in the*

*Representation Letter, and the giving of such notice shall constitute a waiver by the Depository and the book entry owner, as registered owner, of the foregoing notice. After giving proper notification of redemption to the Trustee, as applicable, the City shall not be liable for any failure to give or defect in notice.*

7. *New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like Series and tenor, of Authorized Denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

8. *Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, in the case of Current Interest Bonds, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption; and, in the case of Capital Appreciation Bonds, 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.

9. *Bonds to Be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

10. *Additional Notice.* The City agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (a) advisory in nature, (b) solely in the discretion of the City (unless a separate agreement shall be made), (c) not be a condition precedent of a valid redemption or a part of the Bond contract, and (d) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the City with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

11. *Trustee to Advise City.* As part of its duties hereunder, the Trustee shall prepare and forward to the City a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

## **SECTION 6. REGISTRATION OF BONDS; PERSONS TREATED AS OWNERS; BONDS LOST, DESTROYED, ETC.**

The City shall cause the Bond Register to be kept at the office maintained for the purpose by the Trustee, which is hereby constituted and appointed the Registrar of the City for bearer and book-entry Bonds, and the Register shall entail such information as is provided in

this Ordinance, the Bond Order, or by the Chief Financial Officer. The City is authorized to prepare, and the Trustee shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Subject to the provisions hereof relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations of and upon payment of the charges as set forth in this Ordinance or the Bond Order. Upon surrender for transfer of any Bond at the office maintained for the purpose by the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the registered owner or his or her attorney duly authorized in writing, the City shall execute and the Trustee shall authenticate, date and deliver in the name of the transferee or transferees (i) in the case of any Capital Appreciation Bond, a new fully registered Capital Appreciation Bond or Bonds of the same Series and of the same Stated Maturity of Authorized Denominations, for a like aggregate Original Principal Amount or (ii) in the case of any Current Interest Bond, a new fully registered Bond or Bonds of the same Series of the same tenor, of the same interest rate and Stated Maturity, of Authorized Denominations, for a like aggregate principal amount. Subject to the provisions of this Ordinance relating to Book Entry Form any Capital Appreciation Bond or Bonds may be exchanged at said office of the Trustee or its proper agent for a like aggregate Original Principal Amount of Capital Appreciation Bond or Bonds of the same Series and maturity of other Authorized Denominations; and any fully registered Current Interest Bond or Bonds may be exchanged at said office of the Trustee or its proper agent for a like aggregate principal amount of such Bonds of the same tenor, of the same Series, interest rate and Stated Maturity, of other Authorized Denominations.

The Trustee shall not be required to transfer or exchange any Bond during the period from the close of business on the Regular Record Date for an interest payment to the opening of business on such interest payment date or during the period of fifteen (15) days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Trustee or its proper agent shall thereby be authorized to authenticate, date and deliver such Bond in accordance with the terms of this Ordinance and of any Indenture; *provided, however*, the principal amount of Bonds of each Series and maturity authenticated by the Trustee shall not at any one time exceed the authorized principal amount of Bonds for such Series and maturity less the amount of such Bonds which have been paid.

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 principal of, premium (if any) or interest on or any Maturity Amount of any Bond shall be made only to or upon the order of the registered owner thereof or his or her 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 Trustee 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 exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption.



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 Trustee or its proper agent may authenticate a new Bond of like Series, date, maturity date, interest rate (or, in the case of Capital Appreciation Bonds, Yield to Maturity), 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 (a) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and (b) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the Trustee evidence of such loss or destruction, together with indemnification of the City and the Trustee, satisfactory to the Trustee. In the event 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 Trustee shall pay the same without surrender thereof if there shall be first furnished to the Trustee evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

#### **SECTION 7. SECURITY.**

The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of, interest on and Maturity Amount of the Bonds. The Bonds shall be direct and general obligations of the City and the City shall be obligated and hereby covenants and agrees to levy ad valorem taxes upon all the taxable property in the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The City hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Pledged Taxes on deposit in the Bond Fund for the sole benefit of the registered owners of the Bonds; subject to the right, hereby expressly reserved by the City, to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the City.

#### **SECTION 8. FORMS OF BONDS.**

Current Interest Bonds and Capital Appreciation Bonds shall be in substantially the forms hereinafter set forth as Schedule A; *provided, however*, that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend "See Reverse Side for Additional Provisions" shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph. Convertible CABs shall be prepared incorporating the provisions of the forms of Current Interest Bonds and Capital Appreciation Bonds set forth below as necessary to reflect the terms and provisions of the sale of the Convertible CABs pursuant to Section 11 hereof.

#### **SECTION 9. TAXES LEVIED; PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST; COVENANTS RE PLEDGED TAXES; ORDINANCE AND BOND ORDERS TO BE FILED; ABATEMENT.**

A. TAXES LEVIED. For the purpose of providing the funds required to pay the principal of and interest on, or Maturity Amount of, the Bonds promptly as the same become due, there is hereby levied upon all taxable property in the City, a direct annual tax sufficient for those purposes in addition to all other taxes, for the years and in the amounts as shall be provided in each relevant Bond Order, which amounts, when aggregated with (i) for any Series of Refunding Bonds, the receipts, if any, of taxes levied and collected for the payment of Refunded Bonds, (ii) any accrued interest received on the sale of a Series of Bonds, and (iii) any proceeds

of a Series of Bonds available to pay capitalized interest on said Series of Bonds, shall be sufficient to pay principal of and interest on the Bonds. For this purpose, interest to accrue on Bonds shall be deemed to be that rate which, in the reasonable estimation of the Chief Financial Officer as he or she may from time to time determine, will be sufficient to pay principal of and interest on such Bonds when due.

B. PAYMENT OF PRINCIPAL, INTEREST AND MATURITY AMOUNT. Subject to the right reserved by the City under Section 7 of this Ordinance to transfer investment income, the Bond Moneys shall be applied by the Trustee to pay principal of and interest on, or Maturity Amount of, the Bonds.

Principal of and interest on, or Maturity Amount of, the Bonds coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied which funds are hereby appropriated for such purpose as necessary; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

C. COVENANTS RE PLEDGED TAXES. The City covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City shall take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the Pledged Taxes. The City and its officers shall comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

D. ORDINANCE AND BOND ORDERS TO BE FILED. A copy of this Ordinance, together with a subsequent copy of each Bond Order, duly certified by the City Clerk, shall be filed in the office of the City Clerk, and such filings shall constitute the authority for and it shall be the duty of said City Clerk, in each year as aforesaid, to extend the taxes levied pursuant to this Section and said Bond Order(s) for collection, 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.

E. ABATEMENT. Whenever and only when other funds from any lawful source are made available for the purpose of paying any principal of and interest on, or Maturity Amount of, the Bonds, so as to enable the abatement of the Pledged Taxes levied herein for the payment of same, the City Council shall, by proper proceedings, direct the deposit of such funds into the Bond Fund and further shall direct the abatement of the Pledged Taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the City Clerk in a timely manner to effect such abatement.

Except as may be otherwise provided in a relevant Bond Order or Indenture, at any time and from time to time as the Chief Financial Officer shall determine to be necessary or advisable, the Chief Financial Officer is hereby expressly authorized, without further official action of the City Council, to abate any portion of the Pledged Taxes levied to pay principal of and interest on Bonds, in the event and to the extent that the Chief Financial Officer shall determine that the collection of such Pledged Taxes will not be necessary to provide for the timely payment of the principal of and interest on such Bonds. The filing with the City Clerk of a certificate of abatement, signed by the Chief Financial Officer, shall constitute due authorization for the City Clerk to effectuate such abatement.

**SECTION 10. POWERS AS TO BONDS AND PLEDGE.**

The City is duly authorized to pledge the Pledged Taxes and other moneys, securities and funds purported to be pledged by this Ordinance in the manner and to the extent provided in this Ordinance. The Pledged Taxes and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Ordinance. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Taxes and other moneys, securities and funds pledged under this Ordinance and all the rights thereto of the Bondholders under this Ordinance against all claims and demands of all persons whomsoever.

**SECTION 11. SALE OF THE BONDS; BOND ORDERS; FINANCING TEAMS; EXECUTION OF DOCUMENTS AUTHORIZED; UNDERTAKINGS; OFFERING MATERIALS; CREDIT FACILITIES; ISDA DOCUMENTS.**

A. SALE OF THE BONDS. The Chief Financial Officer is hereby authorized to sell all or any portion of the several Series of the Bonds to the respective Underwriters from time to time on such terms as he or she may deem to be in the best interests of the City and may elect to designate all or any portion of the several Series of the Bonds as Tax Advantaged Bonds (or such other title or designation as the Chief Financial Officer shall deem appropriate at the time of sale) and to have such provisions under the Code or the Regulations as shall be required for such Tax Advantaged Bond status to apply to same; *provided that* (i) in each case the Purchase Price shall be at least ninety-eight percent (98%) of the proceeds of the Bonds (exclusive of any net original issue discount used in the marketing of the Bonds, not to exceed 10% of the principal amount thereof), plus accrued interest, if any, on the Bonds from their Dated Date to the date of their issuance, (ii) the aggregate amount of principal of and interest on and Maturity Amount of the Bonds in any year shall not exceed the aggregate amount levied therefor pursuant hereto plus capitalized interest, if any, (iii) as an additional limitation on the sale of the Refunding Bonds, incidental to the sale of any Series of Refunding Bonds, the Financial Advisor must provide a certificate or report setting forth that (a) the Refunding will provide a present value debt service savings to the City resulting from the issuance of Refunding Bonds to refund each maturity, or part of a maturity, of the Refunded Bonds which are chosen to be refunded, which report shall demonstrate that the City will realize a minimum net present value savings of three percent (3.00%) of the debt service on the Refunded Bonds being refunded or (b) the Refunding will restructure the debt service burden of the City, (iv) Bonds shall be sold only to natural persons or legal persons (or associations thereof) who inhabit the City or Cook, Lake, McHenry, Kane or Will Counties, Illinois, and (v) individual purchasers may not purchase more than \$10,000 of Bonds for each Series. 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.

B. BOND ORDERS. Subsequent to each such sale of the Bonds, the Chief Financial Officer shall file in the office of the City Clerk a Bond Order directed to the City Council identifying (i) the terms of the sale, (ii) the amount of the Bonds being sold as Capital Appreciation Bonds, Convertible CABs or Current Interest Bonds, (iii) the Dated Date of the Bonds sold, (iv) the aggregate principal amount of Bonds sold, (v) the principal amount of Bonds maturing and subject to mandatory redemption in each year, (vi) the optional redemption provisions applicable to the Bonds sold, (vii) the specific maturities and principal amounts of Refunded Bonds to be refunded with the proceeds of the Bonds sold, (viii) the date on and price

at which the Refunded Bonds shall be redeemed (if such redemption shall occur prior to the maturity date thereof or pursuant to mandatory redemption, (ix) the financing team, including each Bond Counsel, Financial Advisor, Trustee and Underwriter and, for each Series of Refunding Bonds, the Escrow Agent or Escrow Agents designated in connection with the Refunding of the relevant Refunded Bonds, (x) with respect to any Capital Appreciation Bonds being sold, the Original Principal Amounts of and Yields to Maturity on such Capital Appreciation Bonds and a table of Compound Accreted Values per \$5,000 Compound Accreted Value at Maturity for such Capital Appreciation Bonds, setting forth the Compound Accreted Value of each such Capital Appreciation Bond on each semiannual compounding date, (xi) the interest rate or rates on any Current Interest Bonds sold (xii) the identity of any Insurer, (xiii) the portion, if any, of the Bonds which are not Tax Exempt, (xiv) the portion, if any, of the Bonds which are Tax Advantaged Bonds, and (xv) the information regarding the title and Series designation of the Bonds, together with any other matter authorized by this Ordinance to be determined by the Chief Financial Officer at the time of sale of the Bonds, and thereafter the Bonds so sold shall be duly prepared and executed in the form and manner provided herein and delivered to the respective Underwriters in accordance with the terms of sale.

C. FINANCING TEAMS, MINORITY AND WOMEN PARTICIPATION. Reflecting some novel aspects of the Bonds, and reflecting the City's continuing commitment to participation in financial transactions among firms that are minority and women-owned firms, and pursuant to an open and competitive Request for Proposals process followed by the Chief Financial Officer, the financing team for the First Series of the Bonds shall entail 35% participation by minority and women-owned firms, shall be subject to the approval of the City Council through Ordinance or Resolution, and shall serve as the financing team for the Second Series of the Bonds. For the Third and subsequent Series, the corresponding Finance Teams shall be selected pursuant to an open and competitive Request for Proposal process followed by the Chief Financial Officer that meets the City's goal of no less than 35% participation by minority and women-owned firms, subject to the approval of the City Council through Ordinance or Resolution.

D. EXECUTION OF DOCUMENTS AUTHORIZED. Any Designated Officer and such other officers and officials of the City as may be necessary are hereby authorized to execute such documents, with appropriate revisions to reflect the terms and provisions of the Bonds of each Series and this Ordinance and such other revisions in text as the Mayor or the Chief Financial Officer shall determine are necessary or desirable in connection with the sale of the Bonds, as may be necessary to implement the Capital Projects and the Refunding and to effect the issuance and delivery and maintenance of the status of the Bonds, including but not limited to:

(i) those certain contracts of purchase (each, a "*Purchase Contract*") by and between the City and the Underwriters, which Purchase Contracts shall be in form acceptable to the Chief Financial Officer and as customarily entered into by the City;

(ii) as necessary in connection with any Refunding, those certain Escrow Agreements by and between the City and the Escrow Agent or Escrow Agents, such agreements to be provided by Bond Counsel, which Escrow Agreements shall be in form acceptable to the Chief Financial Officer and as customarily entered into by the City;

(iii) those certain Continuing Disclosure Undertakings, each as approved by the Chief Financial Officer and each in form customarily used by the City, to effect compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934;

(iv) such certification, tax returns and documentation as may be required by Bond Counsel, including, specifically, a tax agreement, to render their opinions as to the Tax Exempt status of the interest on any Tax Exempt Bonds or the qualification of a portion of the Bonds as Tax Advantaged Bonds pursuant to the Code;

(v) such certification, tax returns and documentation as may be advised by Bond Counsel as appropriate, to establish and maintain the Tax Exempt status of the interest on any Tax Exempt Bonds and the qualification of any Bonds as Tax Advantaged Bonds pursuant to the Code; and

(vi) such certification, tax returns and documentation as may be advised by Bond Counsel as appropriate, to apply for and obtain any tax credits that may be available to the City as a result of any of the Bonds qualifying as Tax Advantaged Bonds pursuant to the Code.

Execution by such Designated Officers, officers and officials is hereby deemed conclusive evidence of approval thereof with such changes, additions, insertions, omissions or deletions as such officers may determine, with no further official action of or direction by the City Council.

E. UNDERTAKINGS. When any Continuing Disclosure Undertaking is executed and delivered on behalf of the City, it will be binding on the City and the officers, agents, and employees of the City, and the same are hereby authorized and directed 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 such Continuing Disclosure Undertaking as executed and delivered. Notwithstanding any other provisions hereof, the sole remedies for failure to comply with any Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause to the City to comply with its obligations thereunder.

F. OFFERING MATERIALS. The preparation, use and distribution of offering materials related to each sale and issuance of the Bonds are hereby ratified and approved. The Mayor and Chief Financial Officer are each hereby authorized to execute and deliver an official statement or other offering materials relating to each sale and issuance of the Bonds on behalf of the City. The preliminary official statements, official statements, and other offering materials herein authorized shall be in substantially the forms previously used for general obligation financings of the City with appropriate revisions to reflect the terms and provisions of the Bonds and to describe accurately the current condition of the City, the parties to the financing, and the Capital Projects and Purposes.

G. INSURANCE POLICIES. In connection with any sale of a Series of the Bonds, the Mayor or the Chief Financial Officer is hereby further authorized to obtain a Policy from an Insurer if the Chief Financial Officer determines such Policy to be desirable in connection with such sale of such Series of Bonds or any portion thereof. The Mayor or Chief Financial Officer is hereby expressly authorized, on behalf of the City, to make such customary covenants and agreements with such Insurer as are not inconsistent with the provisions of this Ordinance, as may be required by such bond insurer, including as follows:

(i) *Consent to Amendments.* That any provision of this Ordinance expressly recognizing or granting rights in or to any such Insurer or to Bondholders generally may

not be amended in any manner which affects the rights of the Insurer or Bondholders generally without the prior written consent of the Insurer.

(ii) *Notices.* That the City may be required to furnish to the Bond Insurer information or notices.

(iii) *List of Permitted Investments.* That the investment of moneys in the various accounts of the Bond Fund or the Project Fund may be limited to such list of lawful investments as may be required by the Insurer; *provided, however,* such list shall include direct obligations of the United States of America and shares in the Public Treasurers' Investment Pool.

(iv) *Non-Defeasance and Subrogation.* That in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to a Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of Pledged Taxes and all covenants, agreements and other obligations of the City to the Bondholders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Bondholders.

(v) *Payment Procedure Pursuant to Policy.* That so long as the Policy shall be in full force and effect, the City and any Paying Agent and Bond Registrar agree to comply with such reasonable timing and notice procedures to properly effectuate Bond payment.

(vi) *Control of Proceedings; Vote in Plan.* That so long as the Policy shall be in full force and effect and not in default, the Insurer may exercise the rights of the registered owners of the Bonds in connection with the enforcement of all rights and remedies, and may vote the interests of the owners of such bonds in connection with bankruptcy, reorganization or insolvency plan or proceeding.

## **SECTION 12. CREATION OF FUNDS AND APPROPRIATIONS; ABATEMENT OF TAXES LEVIED FOR REFUNDED BONDS.**

A. **BOND FUND CREATED.** There is hereby created the "*Build Chicago Neighborhoods Mini Bonds Series 201\_\_\_, Bond Fund*" (the "*Bond Fund*"), which shall be the fund for the payment of principal of and interest on and Maturity Amount of the Bonds.

All receipts of the Pledged Taxes received by the City Treasurer, acting *ex officio* as the City Collector, shall be deposited daily, as far as practicable, with the Trustee. All other moneys appropriated or used by the City for the payment of the principal or redemption price of, and interest on, or Maturity Amount of, the Bonds shall be paid to the Trustee. The Trustee shall be accountable only for moneys actually so deposited with the Trustee. The Trustee is hereby expressly authorized to establish such accounts within the Bond Fund as shall be necessary to account for the Pledged Taxes levied for each Series of Bonds issued hereunder. All Pledged Taxes, and all such moneys, shall be deposited by the Trustee into the Bond Fund.

The City Treasurer is hereby expressly authorized and directed to do, or cause to be done, all things necessary to provide for the prompt deposit with the Trustee, in accordance with this Ordinance, of all Pledged Taxes.

The Bond Fund shall be held and maintained as a separate and segregated account by the Trustee. The Trustee may create Accounts within the Bond Fund as necessary for any Series of Bonds as specified in a relevant Bond. Moneys in the accounts of the Bond Fund may be withdrawn or may be transferred among the accounts of the Bond Fund by the City upon requisition by the Chief Financial Officer. Accrued interest, capitalized interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

The Pledged Taxes shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on or Maturity Amount of Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on or Maturity Amount of the Bonds prior to receipt of Pledged Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of and interest on Current Interest Bonds and Maturity Amount of Capital Appreciation Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Chief Financial Officer, transferred to such other funds as may be determined. On or after such date as may be provided in a relevant Bond Order, capitalized interest, if any, deposited to and remaining in the Bond Fund for any Bonds shall be transferred to such other funds or accounts as the Chief Financial Officer shall determine or as may be provided in a relevant tax agreement for any Tax Exempt Bonds or Tax Advantaged Bonds.

B. (i) CAPITAL PROJECT FUNDS CREATED. The amount of proceeds of the Bonds issued for the Capital Projects, as identified pursuant to a community-based planning process established and publicly posted by such Alderman, and as set forth in the relevant Bond Order, shall be set aside in one or more separate funds of the City, hereby authorized to be created, and designated as the *Build Chicago Neighborhoods Mini Bond Capital Project Funds* (the "*Capital Project Funds*"). Each Capital Project Fund shall be further be divided into single accounts associated with each individual Ward, and designated the "*Build Chicago Neighborhood Mini Bonds Series \_\_\_\_\_ Bonds Capital Project Account for Ward \_\_\_\_*" (the "*Capital Project Ward Accounts*").

The Capital Project Funds shall be held and maintained as separate and segregated accounts by the Trustee. Moneys in the Capital Project Ward Accounts may be withdrawn by the City to pay the costs of the Capital Projects as identified by the corresponding Alderman and upon requisition by the Chief Financial Officer or another employee of the City designated by the Chief Financial Officer.

(ii) EXPENSE FUND CREATED. The sum necessary, as determined by the Chief Financial Officer, of the principal proceeds of each Series of the Bonds shall be deposited into a separate and segregated fund, hereby created, to be known as the "*Build Chicago Neighborhood Mini Bonds Series 201\_\_ Expense Fund*" (the "*Expense Fund*") and shall be disbursed upon the delivery of that Series of Bonds by the Trustee at the written direction of the Chief Financial Officer or shall be used by the City to pay costs of issuance in accordance with, normal City disbursement procedures. Any funds remaining to the credit of the Expense Fund on the date which is six months following the date of delivery of the Bonds shall be transferred to the City Treasurer for deposit into such fund or account of the City as the Chief Financial Officer may direct.

E. INVESTMENTS. The moneys on deposit in the Bond Fund may be invested from time to time by the Trustee at the written direction of the Chief Financial Officer in Qualified Investments. Any such investments may be sold from time to time by the Trustee without further direction from the City as moneys may be needed for the purposes for which the Bond Fund has been created. The moneys on deposit in each Project Fund shall be invested from time to time by the Trustee at the written direction of the Chief Financial Officer in any lawful investment for City funds. In addition, the Chief Financial Officer shall direct the Trustee (which direction may be by telephonic or facsimile transmission by the City to the Trustee and confirmed by facsimile transmission by the Trustee to the City) to sell such investments when necessary to remedy any deficiency in the Bond Fund, any Project Fund or any accounts created therein. All other investment earnings shall be attributed to the account for which the investment was made.

F. DEPOSITS. All moneys (not including securities) held by the Trustee subject to the provisions of this Section may be deposited by it, on demand or time deposit, in its banking department or with such banks, national banking associations, trust companies, savings banks or savings and loan associations, that are members of the Federal Deposit Insurance Corporation as may be designated by the Mayor or the Chief Financial Officer. No such moneys shall be deposited with any such financial institution in an amount exceeding 50 percent of the amount that an officer of such financial institution shall certify to the Trustee and the Chief Financial Officer as the combined capital and surplus of such financial institution. No such moneys shall be deposited or remain on deposit with any such financial institution in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless (a) such financial institution shall have lodged with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the Trustee and the Chief Financial Officer, pledged to some other financial institution for the benefit of the City and the holders of Bonds, as collateral security for the moneys deposited, Federal Obligations or Agency Obligations having a market value (exclusive of accrued interest) at least equal to 100 percent of the amount of such moneys, and (b) the Trustee shall have a perfected first lien in the Federal Obligations or Agency Obligations serving as collateral, and such Federal Obligations or Agency Obligations shall be free from all third party liens. The Trustee shall allow and credit interest on any such moneys held by it at such rate as it customarily allows upon similar funds of similar size and under similar conditions or as required by law. Interest in respect of moneys or on securities in any fund shall be credited in each case to the fund in which such moneys or securities are held.

G. REPURCHASE AGREEMENTS. The City may invest any moneys pursuant to a repurchase agreement. Each repurchase agreement shall meet the requirements of the Public Funds Investment Act of the State of Illinois, as amended, or be secured by Federal Obligations or Agency Obligations or such Qualified Investments as may be specified in a relevant Bond Order, having a market value, marked to market weekly, at least equal to 102 percent of the amount invested in the repurchase agreement plus accrued interest. The Trustee shall at all times have a first lien in such Federal Obligations or Agency Obligations perfected (i) by possession of certificated securities held by the Trustee or held by a third party acting on behalf of the Trustee if the institution serving as Trustee is also the counterparty to the repurchase agreement and is providing the collateral securities, or (ii) under the book-entry procedures specified in 31 Code of Federal Regulations 306.1 *et seq.* or 31 Code of Federal Regulations 350.0 *et seq.* The Mayor or the Chief Financial Officer is hereby authorized to enter into, execute and deliver any investment or repurchase agreement authorized by this Ordinance, and any additional documents as shall be necessary to accomplish the purposes of any such agreement.



H. ACCOUNTS. Other funds or accounts appropriate for Bonds, such as a purchase fund to accommodate demands for purchase of such Bonds and the remarketing of same to other Bond owners, may be created.

I. TAXES LEVIED FOR REFUNDED BONDS. To the extent not theretofore abated and as determined necessary by the Chief Financial Officer, the taxes previously levied and collected (or in the process of collection) to pay the Refunded Bonds shall be used to effectuate the Refunding as provided in the Escrow Agreement or shall be used to effectuate the Restructuring, or to the extent not needed due to the issuance of the Bonds, shall be deposited into the Bond Fund and used to pay first interest coming due on the Bonds. Taxes previously levied for the Refunded Bonds but not yet extended for collection shall be abated. The Chief Financial Officer is hereby expressly authorized to file an abatement certificate with the City Clerk, without further official action of the City Council, to effectuate such abatement.

### **SECTION 13. GENERAL TAX COVENANTS.**

A. NOT PRIVATE ACTIVITY BONDS. None of the Tax Exempt Bonds is a "*private activity bond*" as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

1. No more than the portion allowable for Tax Exempt financings of the sale proceeds of each Series of Tax Exempt Bonds, each considered separately, plus investment earnings thereon, will be used, directly or indirectly, in whole or in part, in any Private Business Use.

2. The payment of more than the portion allowable for Tax Exempt financings of the principal of or the interest on each Series of the Tax Exempt Bonds, each considered separately, will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit.

3. No more than the lesser of five percent of the sale proceeds of each Series of the Tax Exempt Bonds and investment earnings thereon or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons.

4. No user of any portion of the Capital Projects financed by Tax Exempt Bonds (collectively, the "*Infrastructure*") other than a state or local governmental unit will use on any basis other than the same basis as the general public more than the portion, if any, of the Infrastructure which in the aggregate is allowable for Tax Exempt financings, and no person other than a state or local governmental unit will be a user of more than such allowable portion of the Infrastructure, in the aggregate, as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract, or (iii) any other similar arrangement, agreement or understanding, whether written or oral.

5. The City has not and will not enter into any arrangement that conveys to any person, other than a state or local government unit, special legal entitlements to any portion of the Infrastructure that is available for use by the general public. No person, other than a state or local governmental unit, is receiving or will receive any special economic benefit from use of any portion of the Infrastructure that is not available for use by the general public.

**B. PERTAINING TO REBATE.**

The City further certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" (the "*Rebate , the City Requirement*") to the United States:

1. Unless an applicable exception to the Rebate Requirement is available to the City will meet the Rebate Requirement.

2. Relating to applicable exceptions, any Designated Officer is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the City. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "*Penalty*"), then the City shall pay such Penalty.

3. The Designated Officers are hereby expressly authorized and directed to cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a "201\_\_ General Obligation [Refunding] Bonds Rebate [or Penalty, if applicable] Fund" (the "*Rebate Fund*") for the Tax Exempt Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the 148 Compliance Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said Designated Officers are hereby expressly authorized and directed to cause to be paid to the U.S., without further order or direction from the City Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

4. Interest earnings in the Bond Fund and any Project Fund are hereby authorized to be transferred, without further order or direction from the City Council, from time to time as required, to the Rebate Fund for the purposes herein provided; and proceeds of the Tax Exempt Bonds and other lawfully available funds of the City are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid.

**SECTION 14. REGISTERED FORM.**

The City recognizes that Section 149 of the Code requires Tax Exempt Bonds to be issued and to remain in fully registered form in order to be and remain Tax Exempt. In this connection, the City agrees that it will not take any action to permit Tax Exempt Bonds to be issued in, or converted into, bearer or coupon form.

**SECTION 15. FURTHER TAX-EXEMPTION COVENANTS.**

The City agrees to comply with all provisions of the Code which, if not complied with by the City, would cause Tax Exempt Bonds not to be Tax Exempt. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required and in a timely manner; and (e) if

deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

The City also certifies and further covenants with the Underwriters and registered owners of the Tax Exempt Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Tax Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax Exempt Bonds or from any other source, will not be used in a manner which will cause the Tax Exempt Bonds to be "arbitrage bonds" within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

The City further covenants that it will not take any action, or omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Tax Exempt Bonds) if taking, permitting or omitting to take such action would cause any Tax Exempt Bond to be a private activity bond within the meaning of the Code or would otherwise cause interest on the Tax Exempt Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation of interest on the Tax Exempt Bonds, under present rules, the City may be treated as a "taxpayer" in the examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

#### **SECTION 16. REIMBURSEMENT.**

None of the proceeds of the Tax Exempt Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural, engineering costs or construction costs incurred prior to commencement of any of the Capital Projects or the Financial Management Projects or expenditures for which an intent to reimburse was properly declared under Treasury Regulations Section 1.150-2. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the Capital Projects and the Financial Management Projects paid after the date hereof and prior to issuance of the Bonds.

#### **SECTION 17. OPINION OF COUNSEL EXCEPTION.**

The City reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 13 through 16 herein, *provided*, that it shall first have received an opinion from Bond Counsel to the effect that such use or investment as contemplated is valid and proper under applicable law and this Ordinance and that such use or investment will not adversely affect the Tax Exempt status of the Tax Exempt Bonds.

#### **SECTION 18. CERTAIN RIGHTS RESERVED TO CITY.**

The City reserves the right to provide one or more Credit Facilities, or a combination thereof to secure the payment of the principal of, premium, if any, and interest on one or more Series of Outstanding Bonds, or in the event owners of such Bonds have the right to require purchase thereof, to secure the payment of the purchase price of such Bonds upon the demand of the owners thereof. In connection with any such Credit Facilities, the City may execute and

deliver an agreement setting forth the conditions upon which drawings or advances may be made under such Credit Facilities and the method by which the City will reimburse the issuer of such Credit Facilities for such drawings together with interest thereon at such rate or rates and otherwise make payments as may be agreed upon by the City and the issuer of such Credit Facilities. Any such obligation of the City to reimburse or otherwise make payments to the issuer of such Credit Facilities securing a Series of Outstanding Bonds shall constitute operating expenses of the City payable, from any moneys, revenues, receipts, income, assets or funds of the City available for such purpose or be payable from the Pledged Taxes, as the Chief Financial Officer may from time to time determine, under this Ordinance to the same extent as any Series of Outstanding Bonds, and any and all amounts payable by the City to reimburse the issuer of any such Credit Facilities, together with interest thereon, shall for purposes of this Ordinance be deemed to constitute the payment of principal of, premium, if any, and interest on Outstanding Bonds. Such amounts shall not constitute an indebtedness of the City for which its full faith and credit is pledged.

#### **SECTION 19. PAYMENT AND DISCHARGE; REFUNDING.**

Current Interest Bonds and Capital Appreciation Bonds may be discharged, payment provided for, and the City's liability terminated as follows:

(a) *Discharge of Indebtedness.* If (i) the City shall pay or cause to be paid to the registered owners of the Bonds the principal, premium, if any, and interest, in the case of Current Interest Bonds, and the Maturity Amount, in the case of Capital Appreciation Bonds, to become due thereon at the times and in the manner stipulated therein and herein, (ii) all fees and expenses of the Trustee shall have been paid, and (iii) the City shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Ordinance expressed as to be kept, performed and observed by it or on its part, then these presents and the rights hereby granted shall cease, determine and be void. If the City shall pay or cause to be paid to the registered owners of all Outstanding Bonds of a particular Series, or of a particular maturity within a Series, the principal, premium, if any, and interest, in the case of Current Interest Bonds, and the Maturity Amount, in the case of Capital Appreciation Bonds, to become due thereon at the times and in the manner stipulated therein and herein, such Bonds shall cease to be entitled to any lien, benefit or security under the Ordinance, and all covenants, agreements and obligations of the City to the holders of such Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) *Provision for Payment.* Bonds for the payment or redemption or prepayment of which sufficient monies or sufficient Defeasance Obligations shall have been deposited with the Trustee or an escrow agent having fiduciary capacity (whether upon or prior to the maturity or the redemption date of such Bonds) and for Tax Advantaged Bonds, accompanied by an opinion of bond counsel as to compliance with the covenants with respect to such Bonds, and accompanied by an express declaration of defeasance of the Bonds by the City Council, shall be deemed to be paid within the meaning of this Ordinance and no longer outstanding under this Ordinance; *provided, however,* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in this Ordinance or arrangements satisfactory to the Trustee shall have been made for the giving thereof. Defeasance Obligations shall be considered sufficient only if said investments mature and bear interest in such amounts and at such times as will assure sufficient cash to pay

currently maturing interest, principal or Maturity Amount, as applicable, and redemption premiums if any when due on the Bonds without rendering the interest on any Bonds taxable under the Code. The City may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered hereunder, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) *Termination of City's Liability.* Upon the discharge of indebtedness under paragraph (a) hereof, or upon the deposit with the Trustee of sufficient money and Defeasance Obligations (such sufficiency being determined as provided in paragraph (b) hereof) for the retirement of any particular Bond or Bonds, all liability of the City in respect of such Bond or Bonds shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money and the proceeds of the Defeasance Obligations deposited with aforesaid for their payment.

## **SECTION 20. DUTIES OF TRUSTEE.**

(a) If the Trustee has received notice, or has actual knowledge than an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee need perform only those duties that are specifically set forth in this Ordinance and no others, and no implied covenants or obligations of the Trustee shall be read into this Ordinance. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Ordinance. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Ordinance.

(c) The Trustee may not be relieved from liability for its own gross negligent action, its own gross negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section,

(2) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of any Insurer or the owners of the Bonds (in such percentages as may be required by the terms hereof) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Ordinance or any Indenture;

(4) no provision of this Ordinance shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable

grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Ordinance that in any way relates to the Trustee is subject to all the paragraphs of this Section.

(e) The Trustee may refuse to perform any duty or exercise any right or power, or to make any payment on any Bond to any holder of such Bond, unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the City or as set forth herein.

(g) For all purposes under this Ordinance or any Indenture, the Trustee shall not be deemed to have notice of any Event of Default described in Section 29(iii), (iv) or (v) hereof unless a responsible officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by the Trustee [at the Corporate Trust Office], and such notice references any of the Bonds generally or this Ordinance or the applicable Indenture.

(h) The permissive right of the Trustee to perform any discretionary act enumerated in this Ordinance or any Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(i) In no event shall the Trustee be required to take any action that conflicts with any of the provisions of this Ordinance or any Indenture or with the Trustee's fiduciary duties or that adversely affect its rights and immunities hereunder.

## **SECTION 21. RIGHTS OF TRUSTEE.**

(a) The Trustee may rely on any document reasonably believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require a certificate of an appropriate officer or officers of the City or an opinion of counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the certificate or opinion of counsel.

(c) The Trustee may act through agents or co-trustees and shall not be responsible for the misconduct or negligence of any agent or co-trustee appointed with due care.

(d) The Trustee shall not be personally liable for any action it takes or omits to take or any action or inaction it believes in good faith to be authorized or within its rights or powers.

(e) The Trustee shall not be bound to make any investigation into the facts of matters stated in any reports, certificates, payment instructions, opinion, notice, order or other paper or document unless the Trustee has actual knowledge to the contrary.

(f) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Ordinance, any Indenture and the Bonds shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(g) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Ordinance or any Indenture or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Bondholders, pursuant to the provisions of this Ordinance or any Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

## **SECTION 22. INDIVIDUAL RIGHTS OF TRUSTEE.**

The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any paying agent may do the same with like rights.

## **SECTION 23. TRUSTEE'S DISCLAIMER.**

The Trustee makes no representation as to the validity or adequacy of this Ordinance or the Bonds; it shall not be accountable for the City's use of the proceeds from the Bonds paid to the City, and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

## **SECTION 24. ELIGIBILITY OF TRUSTEE.**

This Ordinance and any Indenture shall always have the Trustee that is a commercial bank with trust powers or a trust company organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized under such laws and the laws of the State to exercise corporate trust powers and is subject to supervision or examination by United States or State authority. If at any time the Trustee ceases to be eligible in accordance with this Section, the Trustee shall resign immediately as set forth in Section 26.

## **SECTION 25. REPLACEMENT OF TRUSTEE.**

The Trustee may resign with thirty (30) days' written notice to the City, effective upon the execution, acknowledgment and delivery by a successor Trustee to the City of appropriate instruments of succession. Provided that no Event of Default shall have occurred and be continuing, the City may remove the Trustee and appoint a successor Trustee at any time by an instrument or concurrent instruments in writing delivered to the Trustee; *provided, however*, that the holders of a majority in aggregate principal amount of Bonds outstanding at the time may at any time remove the Trustee and appoint a successor Trustee by an instrument or concurrent instrument in writing signed by such Bondholders, and further provided that any conflict between the City and such holders regarding such removal and appointment shall be resolved in favor of such holders. Such successor Trustee shall be a corporation authorized under applicable laws to exercise corporate trust powers and may be incorporated under the laws of the United States or of the State. Such successor Trustee shall in all respects meet the requirements set forth in Section 25 hereof.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the City shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee; the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Ordinance and the relevant Indenture.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the City or the registered owners a majority in principal amount of the Bonds then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

#### **SECTION 26. SUCCESSOR TRUSTEE BY MERGER.**

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

#### **SECTION 27. COMPENSATION.**

All reasonable fees and expenses of the Trustee shall be paid by the City from cash on hand and lawfully available.

#### **SECTION 28. DEFINITION OF EVENTS OF DEFAULT; REMEDIES.**

If one or more of the following events, herein called "Events of Default", shall happen, that is to say, in case:

(i) default shall be made in the payment of the principal of or redemption premium, if any, or the Maturity Amount on any Outstanding Bond when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(ii) default shall be made in the payment of any installment of interest on any Outstanding Bond when and as such installment of interest shall become due and payable; or

(iii) the City shall (1) commence a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, (2) make an assignment for the benefit of its creditors, (3) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (4) be adjudicated a bankrupt or any petition for relief shall be filed in respect of an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law and such order continue in effect for a period of 60 days without stay or vacation; or



(iv) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the City, or of the whole or any substantial part of its property, or approving a petition seeking reorganization of the City under the Federal bankruptcy laws or any other applicable Federal or state law or statute and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(v) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control;

then in each and every such case the Trustee may, and upon the written request of the registered owners of twenty-five percent (25%) in principal amount of the Bonds (measured by principal amount of Current Interest Bonds and by the then Compound Accreted Value of Capital Appreciation Bonds) affected by the Event of Default and then outstanding hereunder shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce the rights aforesaid.

During the continuance of an Event of Default, all Pledged Taxes received by the Trustee under this Ordinance from the City shall be applied by the Trustee in accordance with the terms of Section 37 of this Ordinance.

#### **SECTION 29. NOTICES OF DEFAULT UNDER ORDINANCE.**

Promptly after the occurrence of an Event of Default or the occurrence of an event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, the Trustee shall mail to the Bondholders at the address shown on the Bond Register, the Insurer, and also directly to any beneficial owner of \$500,000 or more in aggregate principal amount of Current Interest Bonds or Original Principal Amount of Capital Appreciation Bonds then Outstanding at such address as the Trustee shall obtain from the Depository, notice of all Events of Default or such events known to the Trustee unless such defaults or prospective defaults shall have been cured before the giving of such notice.

#### **SECTION 30. TERMINATION OF PROCEEDINGS BY TRUSTEE.**

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the City, the Trustee, the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

#### **SECTION 31. RIGHT OF HOLDERS TO CONTROL PROCEEDINGS.**

Subject to the provisions of any Commitment, anything in this Ordinance to the contrary notwithstanding, the registered owners of a majority in principal amount of the Bonds (measured by principal amount of Current Interest Bonds and by the then Compound Accreted Value of Capital Appreciation Bonds) then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder in respect of the Bonds, respectively; *provided* that such direction shall not be otherwise than in accordance with law and the Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities to be incurred therein or thereby.

### **SECTION 32. RIGHT OF HOLDERS TO INSTITUTE SUIT.**

Subject to the provisions of any Commitment, no holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder or on the Bonds unless such holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided, and unless also the registered owners of twenty-five percent (25%) in principal amount of the Bonds (measured by principal amount of Current Interest Bonds and by the then Compound Accreted Value of Capital Appreciation Bonds) then outstanding shall have made written request of the Trustee after the right to exercise such powers, or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its name; and unless, also, there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Ordinance or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds, respectively.

Nothing in this Section contained shall, however, affect or impair the right of any Bondholder, which is absolute and unconditional, to enforce the payment of the principal of and redemption premium, if any, and interest on his or her Bonds, respectively, out of the Bond Fund, or the obligation of the City to pay the same, at the time and place in the Bonds expressed.

### **SECTION 33. SUITS BY TRUSTEE.**

All rights of action under this Ordinance, or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, or proceeding, instituted by the Trustee shall be brought in its name for the ratable benefit of the holders of the Bonds affected by such suit or proceeding, subject to the provisions of this Ordinance.

### **SECTION 34. REMEDIES CUMULATIVE.**

No remedy herein conferred upon or reserved to the Trustee, the Bondholders, or to the Insurer is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 35. WAIVER OF DEFAULT.**

No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Section to the Trustee and the Bondholders, respectively, may be exercised from time to time, and as often as may be deemed expedient. In the event any Event of Default shall be waived by the Bondholders or the Trustee, acting at the direction, or with the consent of, the Bondholders, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other Event of Default hereunder.

**SECTION 36. APPLICATION OF MONIES AFTER DEFAULT.**

Subject to any Commitment, the City covenants that if an Event of Default shall happen and shall not have been remedied, the Trustee shall apply all monies, securities and funds received by the Trustee pursuant to any right given or action taken under the provisions of this Article as follows:

(1) First, to the payment of all reasonable costs and expenses of collection, fees, and other amounts due to the Trustee hereunder; and thereafter,

(2) Second, to the payment of amounts, if any, payable to the United States Treasury pursuant to any Tax Agreement;

(3) All such monies shall be applied as follows:

(A) first, to the payment to the persons entitled thereto of all installments of interest on Outstanding Bonds then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

(B) second, to the payment to the persons entitled thereto of the unpaid principal or then current Compound Accreted Value of and premium, if any, on any of the Outstanding Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which monies are held pursuant to the provisions of this Ordinance), in the order of their due dates, with interest upon such Outstanding Current Interest Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Outstanding Bonds due on any particular date, together with such premium, then to the payment ratably according to the amount of principal and premium due on such date, and then to the payment of such principal or then current Compound Accreted Value ratably according to the amount of such

principal due on such date, to the persons entitled thereto without any discrimination or preference; and

(C) third, to the payment of Swap Payments.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this paragraph, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee shall determine upon consultation with the City, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. The deposit of such monies with the paying agents, or otherwise setting aside such monies, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the City to any Bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Ordinance as may be applicable at the time of application by the Trustee. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Bond on which payment shall be made, and shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Trustee.

#### **SECTION 37. THIS ORDINANCE A CONTRACT.**

The provisions of this Ordinance shall constitute a contract between the City and the registered owners of the Bonds, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

#### **SECTION 38. SUPPLEMENTAL ORDINANCES.**

Supplemental ordinances may be passed as follows:

(a) *Supplemental Ordinances Not Requiring Consent of Bondholders.* The City by the City Council, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Ordinance and any Commitment contained, may pass and accept an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall form a part hereof, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to matters or questions arising under this Ordinance, as the City may deem necessary or desirable and not inconsistent with this

Ordinance and which in the opinion of the Trustee shall not adversely affect the interests of the registered owners of the Bonds, as evidenced by an opinion of counsel delivered to the Trustee;

(iii) to designate one or more tender or similar agents of the Trustee, bond registrars or paying agents;

(iv) to comply with the provisions of Section 20 hereof when money and the Defeasance Obligations designated therein sufficient to provide for the retirement of Bonds shall have been deposited with the Trustee; and

(v) as to Bonds which are authorized but unissued hereunder to change in any way the terms upon which such Bonds may be issued or secured.

Any supplemental ordinance authorized by the provisions of this Section may be passed by the City and accepted by the Trustee without the consent of or notice to the registered owners of any of the Bonds at the time outstanding, but with notice to the Insurer, notwithstanding any of the provisions of paragraph (b) of this Section, but the Trustee shall not be obligated to accept any such supplemental ordinance which affects the Trustee's own rights, duties or immunities under this Ordinance or otherwise.

(b) *Supplemental Ordinances Requiring Consent of Bondholders.* With the consent (evidenced as provided in Section 43) of the registered owners of not less than a majority in aggregate principal amount of the Bonds, at the time outstanding, and subject to any Commitment, the City, by the City Council may pass, and the Trustee may accept from time to time and at any time an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; provided that no such modification or amendment shall extend the maturity or reduce the interest rate on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the City to pay the principal, interest or redemption premium, if any, at the time and place and at the rate and in the currency provided therein of any Bond, without the express consent of the registered owner of such Bond or permit the creation of a preference or priority of any Bond or Bonds over any other Bond or Bonds, or reduce the percentage of Bonds, respectively, required for the affirmative vote or written consent to an amendment or modification, or deprive the registered owners of the Bonds (except as aforesaid) of the right to payment of the Bonds from the Pledged Taxes, or alter or impair the obligations of the City with respect to the Tax Exempt status, the registration, transfer, exchange or notice of redemption of Bonds, without the consent of the registered owners of all Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of Outstanding Bonds required for the written consent of such modification or amendment without the consent of the owners of all of the Outstanding Bonds. Upon receipt by the Trustee of a certified copy of such ordinance and upon the filing with the Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall accept unless such supplemental ordinance affects the Trustee's own rights, duties or immunities under this Ordinance or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, accept such supplemental ordinance.

If a given Series of Bonds is fully and irrevocably insured or otherwise provided for as to the timely payment of principal and interest by a municipal bond or financial guaranty insurance policy, a letter of credit, or some other means, and such policy provider or letter of credit provider shall not be in default, then any consent to amendment as herein provided shall not be given by the owners of Bonds of such Series, but rather shall be obtained from such provider, whose consent may or may not be given in its complete discretion, and whose consent shall be binding on such owners and all successors in interest. Ownership of Bonds for purposes of consent by the registered owners thereof shall be conclusively proved by the Bond Register.

It shall not be necessary for the consent of the Bondholders under this paragraph to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the passage by the City and the acceptance by the Trustee of any supplemental ordinance pertaining to the Bonds pursuant to the provisions of this paragraph, the City shall publish a notice, setting forth in general terms the substance of such supplemental ordinance, at least once in a financial newspaper or journal printed in the English language, customarily published on each business day and of general circulation among dealers in municipal securities in the City of New York, New York. If, because of temporary or permanent suspension of the publication or general circulation of any financial newspaper or journal or for any other reason it is impossible or impractical to publish such notice of supplemental ordinance in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute sufficient publication of notice. Any failure of the City to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental ordinance.

(c) *Supplemental Ordinance to Modify this Ordinance.* Upon the execution of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be modified and amended in accordance therewith and the respective rights, duties and obligations under this Ordinance of the City, the Trustee and all registered owners of Bondholders, respectively, outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be and be deemed to be part of the terms and conditions of this Ordinance for any and all purposes.

(d) *Trustee May Rely Upon Opinion of Counsel Re: Supplemental Ordinance.* The Trustee may receive an opinion of counsel as conclusive evidence that any supplemental ordinance executed pursuant to the provisions of this Section complies with the requirements of this Section.

(e) *Notation.* Bonds authenticated and delivered after the execution of any supplemental ordinance pursuant to the provisions of this Section may bear a notation, in form approved by the Trustee, as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new bonds, so modified as to conform, in the opinion of the Trustee and the City Council, to any modification of this Ordinance contained in any such supplemental ordinance, may be prepared by the City, authenticated by the Trustee and delivered without cost to the registered owners of

the Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

**SECTION 39. EFFECT OF CONSENTS.**

After an amendment or supplement to this Ordinance becomes effective, it will bind every Bondholder. For purposes of determining the total number of Bondholders' consents, each Bondholder's consent will be effective with respect to the Bondholder who consented to it and each subsequent holder of a Bond or portion of a Bond evidencing the same debt as the consenting holder's Bond.

**SECTION 40. SIGNING BY TRUSTEE OF AMENDMENTS AND SUPPLEMENTS.**

The Trustee will sign any amendment or supplement to the Ordinance or the Bonds authorized hereunder if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 21 of this Ordinance) will be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by this Ordinance.

**SECTION 41. NOTICES.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Ordinance or the Bonds must be in writing except as expressly provided otherwise in this Ordinance or the Bonds.

(b) Any notice or other communication shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed as follows: if to the City, to The City of Chicago, Illinois, \_\_\_\_\_, Chicago, Illinois 60602, Attention: Chief Financial Officer; if to the Trustee, at such address as shall have been provided by the Trustee in writing to the Chief Financial Officer. Any addressee may designate additional or different addresses for purposes of this Section.

(c) Any notice or other communication required to any Bondholder shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed to such Bondholder at the address set forth in the Bond Register.

(d) Any notice or other communication required to be given directly to any beneficial owner of \$500,000 or more in aggregate principal amount of Bonds then outstanding shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, to such beneficial owner at the address provided by the Depository.

**SECTION 42. BONDHOLDERS' CONSENTS.**

In obtaining or receiving the consents of registered owners, the City may establish reasonable rules of procedure including, without limitation, rules relating to (i) a record date to fix the registered owners who are entitled to vote, (ii) solicitation of proxies and (iii) a meeting of the registered owners for the taking of actions. The registered owners of Bonds may vote their Bond interest in fractional shares. In the event that Bonds are registered in the name or names

of nominees or depositories, consent of such owners by proxy in accordance with the applicable customs of the securities industry or rules of the Securities and Exchange Commission, Municipal Securities Rulemaking Board or other association or agency having jurisdiction shall be sufficient.

Any action, consent or other instrument shall be irrevocable and shall bind any subsequent owner of such Bond or any Bond delivered in substitution therefor.

For purposes of determining consent under this Ordinance of holders of the Bonds, the outstanding principal amount of the Bonds shall be deemed to exclude the Bonds owned by or under the control of the City.

#### **SECTION 43.      LIMITATION OF RIGHTS.**

Nothing expressed or implied in this Ordinance or the Bonds shall give any person other than the Trustee, the City, or the Bondholders any right, remedy or claim under or with respect to this Ordinance.

#### **SECTION 44.      PARTIAL INVALIDITY.**

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

#### **SECTION 45.      LIST OF BONDHOLDERS.**

The Trustee shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

#### **SECTION 46.      RIGHTS AND DUTIES OF TRUSTEE.**

If requested by the Trustee, the Mayor and Chief Financial Officer of the City are authorized to execute a mutually agreeable form of agreement between the City and the Trustee with respect to the obligations and duties of the Trustee as Trustee hereunder which may include the following:

- (a) to act as Trustee, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;



(e) to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds Outstanding and payments made with respect to interest on the Bonds.

The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Trustee.

**SECTION 47. PRIOR INCONSISTENT PROCEEDINGS.**

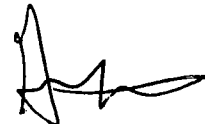
All ordinances, resolutions, motions or orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict hereby repealed.

**SECTION 48. IMMUNITY OF OFFICERS AND EMPLOYEES OF CITY.**

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Ordinance contained against any past, present or future elected or appointed officer, director, member, employee or agent of the City, or of any successor public corporation, as such, either directly or through the City or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such elected or appointed officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the passage of this Ordinance and the issuance of such Bonds.

**SECTION 49. EFFECTIVE DATE.**

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



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Gilbert Villegas  
Alderman, 36<sup>th</sup> Ward