

## SUBSTITUTE ORDINANCE

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

### **PART A INTRODUCTION**

#### **ARTICLE I AUTHORITY AND FINDINGS**

**Section 1.01. Authority.** This Ordinance is adopted pursuant to Section 6(a) of Article VII of the Constitution. This Ordinance authorizes the issuance of Second Lien Water Revenue Refunding Bonds, Series 2024A as follows: (i) Part B of this Ordinance authorizes the issuance and sale of Second Lien Water Revenue Refunding Bonds, Series 2024A (the "Series 2024A Second Lien Bonds") in one or more series, in such principal amount and with such terms and provisions as are set forth in Part B of this Ordinance, in the Amended and Restated Second Lien Bonds Master Indenture previously approved by the City and in a Series 2024A Supplemental Indenture the execution and delivery of which is authorized in Part B of this Ordinance; (ii) Part C of this Ordinance sets forth provisions generally applicable to the Series 2024A Second Lien Bonds.

**Section 1.02. Findings.** It is found and declared as follows:

(a) The City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the Constitution, and a "home rule unit" under Section 6(a) of Article VII of the Constitution.

(b) The City has constructed and is maintaining and operating the Water System to meet the needs of the City's inhabitants and other users of the Water System and for fire protection. The Water System is operated under the supervision and control of the Department of Water Management of the City.

(c) The City has determined to improve and expand the Water System, and to issue bonds and other obligations to pay the costs of such improvement and expansion.

(d) The City has previously issued and has outstanding: (i) pursuant to an ordinance passed by the City Council on November 17, 1999 (the "*Series 2000 Bond Ordinance*") its Second Lien Water Revenue Bonds, Series 2000 (the "*Series 2000 Second Lien Bonds*"), (ii) pursuant to an ordinance passed by the City Council on October 31, 2001 (the "*Series 2001 Bond Ordinance*") its Second Lien Water Revenue Refunding Bonds, Series 2001 (the "*Series 2001 Second Lien Bonds*"), (iii) pursuant to an ordinance passed by the City Council on May 26, 2004 (the "*Series 2004 Ordinance*"), as amended by an ordinance passed by the City Council on March 14, 2012 and as further amended by an ordinance passed by the City Council on May 9, 2012 (collectively the "*Series 2012 Bond Ordinance*") its Second Lien Water Revenue Refunding Bonds, Series 2004 (the "*Series 2004 Second Lien Bonds*"), (iv) pursuant to

an ordinance passed by the City Council on September 27, 2007 (the "*Series 2008 Bond Ordinance*") its Second Lien Water Revenue Project and Refunding Bonds, Series 2008 (the "*Series 2008 Second Lien Bonds*"), (v) pursuant to an ordinance passed by the City Council on September 8, 2010 (the "*Series 2010 Bond Ordinance*") its Second Lien Water Revenue Bonds, Project and Refunding Series 2010A, Second Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds — Direct Payment) and Second Lien Water Revenue Bonds, Taxable Project Series 2010C (Qualified Energy Conservation Bonds — Direct Payment) (collectively, the "*Series 2010 Second Lien Bonds*"), (vi) pursuant to the Series 2012 Bond Ordinance its Second Lien Water Revenue Bonds, Project Series 2012 (the "*Series 2012 Second Lien Bonds*"), (vii) pursuant to an ordinance passed by the City Council on April 30, 2014 (the "*Series 2014 Bond Ordinance*") its Second Lien Water Revenue Project and Refunding Bonds, Series 2014 (the "*Series 2014 Second Lien Bonds*"), (viii) pursuant to an ordinance passed by the City Council on March 16, 2016 (the "*Series 2016 Bond Ordinance*") its Second Lien Water Revenue Bonds, Series 2016A-1 and Series 2016A-2 (collectively, the "*Series 2016A Second Lien Bonds*"), (ix) pursuant to an ordinance passed by the City Council on January 13, 2016 (the "*Series 2017 Bond Ordinance*") its Second Lien Water Revenue Refunding Bonds, Series 2017 (the "*Series 2017 Second Lien Bonds*"), (x) pursuant to an ordinance passed by the City Council on November 8, 2017 (the "*Series 2018 Bond Ordinance*") its Second Lien Water Revenue Refunding Bonds, Series 2017-2 (the "*Series 2017-2 Second Lien Bonds*"), (xi) pursuant to an ordinance passed by the City Council on June 27, 2018, as amended by an ordinance passed by the City Council on October 27, 2021 and as further amended by an ordinance passed by the City Council on November 7, 2022 (as amended, the "*Series 2018-1 Bond Ordinance*") its Second Lien Water Revenue Bonds, Project Series 2023A (the "*Series 2023A Second Lien Bonds*") and its Second Lien Water Revenue Bonds, Refunding Series 2023B (the "*Series 2023B Second Lien Bonds*") and (xii) pursuant to an ordinance passed by the City Council on November 7, 2022, as amended by an ordinance passed by the City Council on October 4, 2023 (as amended, the "*Series 2022 Bond Ordinance*," and, together with the Series 2000 Bond Ordinance, the Series 2001 Bond Ordinance, the Series 2004 Bond Ordinance, the Series 2008 Bond Ordinance, the Series 2010 Bond Ordinance, the Series 2012 Bond Ordinance, the Series 2014 Bond Ordinance, the Series 2016 Bond Ordinance, the Series 2017 Bond Ordinance and the Series 2018 Bond Ordinance, the "*Prior Bond Ordinances*") its Second Lien Water Revenue Bonds, Project Series 2023C Taxable (the "*Series 2023C Second Lien Bonds*" and, together with the Series 2000 Second Lien Bonds, the Series 2001 Second Lien Bonds, the Series 2004 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2012 Second Lien Bonds, the Series 2014 Second Lien Bonds, the Series 2016A Second Lien Bonds, the Series 2017 Second Lien Bonds, the Series 2017-2 Second Lien bonds, the Series 2023A Second Lien Bonds, the Series 2023B Second Lien Bonds and the Series 2023C Second Lien Bonds, the "*Prior Second Lien Bonds*").

(e) The City has determined that the refunding of all or a portion of the Prior Second Lien Bonds (the "*Refunded Bonds*") will reduce the aggregate debt service payable by the City with respect to the Prior Second Lien Bonds or restructure such debt service in a manner deemed to be in the best interests of the Water System and the City.

(f) The City does not have available funds sufficient to refund the Refunded Bonds.

(g) The City has determined that it is advisable and in the best interests of the City to authorize the issuance from time to time of Series 2024A Second Lien Bonds pursuant to

the Series 2024A Supplemental Indenture, subject to the authorization limits specified in this Ordinance, in one or more series for any one or more of the purposes of (1) refunding the Refunded Bonds, (2) paying Costs of Issuance of the Series 2024A Second Lien Bonds, (3) paying the costs of acquiring a Qualified Reserve Account Credit Instrument for the Series 2024A Second Lien Bonds or making a deposit to the Series 2024A Second Lien Bonds Subaccount in the amount required by the Series 2024A Supplemental Indenture and (4) providing for any discount on the Series 2024A Second Lien Bonds.

(h) In accordance with the covenants of the City in the Amended and Restated Second Lien Bonds Master Indenture, concurrent with the issuance, sale and delivery of the Series 2024A Second Lien Bonds, all the conditions and requirements in Section 4.06 of the Amended and Restated Second Lien Bonds Master Indenture shall have been fully satisfied and complied with and, based upon such satisfaction and compliance, if the City shall issue Series 2024A Second Lien Bonds pursuant to this Ordinance and the Series 2024A Supplemental Indenture. Such Series 2024A Second Lien Bonds will have a claim for payment from Second Lien Bond Revenues on an equal and ratable basis with the Prior Second Lien Bonds.

(i) The City proposes to issue and sell the Series 2024A Second Lien Bonds for one or more of the purposes described in subsection (g) above in the manner authorized in this Ordinance in an aggregate principal amount not to exceed \$400,000,000, as determined by an Authorized Officer in accordance with the terms of this Ordinance. The limit on the authorized amount of Series 2024A Second Lien Bonds under this Ordinance shall be exclusive of any premium received upon the issuance of the Series 2024A Second Lien Bonds.

(j) The borrowing authorized by this Ordinance and the issuance of the Series 2024A Second Lien Bonds are for proper public purposes and are in the public interest. The City has the power to borrow for the purposes set forth in this Ordinance, to execute and deliver the Series 2024A Supplemental Indenture and to issue the Series 2024A Second Lien Bonds.

(k) The City's ability to issue Series 2024A Second Lien Bonds at such time, in such principal amount and with such interest rate and interest rate determination method, maturity, redemption provisions and other terms will enhance the City's opportunities to obtain financing upon the most favorable terms available at such time of issuance.

(l) Authority is granted to each Authorized Officer to determine to sell from time to time the Series 2024A Second Lien Bonds in one or more series, at such time as such Authorized Officer determines that such sale or sales is desirable and in the best financial interest of the Water System.

(m) This Ordinance is adopted pursuant to the City's constitutional home rule powers.

**PART B**  
**DEFINITIONS, SERIES 2024A SECOND LIEN BONDS; SERIES 2024A**  
**SUPPLEMENTAL INDENTURE**

**ARTICLE I**  
**DEFINITIONS; RECITALS**

**Section 1.01. Definitions.** (a) Except as provided in this Article I, all capitalized terms used and not otherwise defined in this Part B shall have the meanings ascribed to them in the recitals set forth in Part A of this Ordinance, in the Amended and Restated Second Lien Bonds Master Indenture or in the Series 2024A Supplemental Indenture.

(b) The following terms shall have the following meanings, unless the context clearly indicates a different meaning:

**“Amended and Restated Second Lien Bonds Master Indenture”** means the Amended and Restated Master Indenture of Trust dated as of May 1, 2023, from the City to the Trustee.

**“Authorized Officer”** means either the Chief Financial Officer of the City or the City Comptroller of the City.

**“Capital Appreciation Obligation”** means a Second Lien Bond bearing interest that is compounded on an initial date and semiannually thereafter, and is payable at maturity.

**“Capital Appreciation Series 2024A Second Lien Bonds”** means any Series 2024A Second Lien Bonds which are designated by an Authorized Officer in the Second Lien Bond Determination Certificate to be Capital Appreciation Obligations, all or a portion of the interest on which shall be payable as appreciation in the principal amount of those Series 2024A Second Lien Bonds, when the principal amount of those Series 2024A Second Lien Bonds is due.

**“Chief Financial Officer”** means the Chief Financial Officer of the City appointed by the Mayor or, in the event no person is at the time then so appointed and acting, the City Comptroller of the City.

**“City”** means the City of Chicago.

**“City Clerk”** means the duly elected and qualified person serving as the City Clerk of the City.

**“City Council”** means the City Council of the City.

**“Compound Accreted Value”** means, with respect to any Capital Appreciation Series 2024A Second Lien Bond, as of any date of calculation, its original principal amount plus the appreciation in its principal amount to that date calculated as provided in the related Second Lien Bond Determination Certificate.

**“Constitution”** means the 1970 Constitution of the State of Illinois.

**"Costs of Issuance"** means all fees and costs incurred by the City relating to the issuance of the Series 2024A Second Lien Bonds, including, without limitation, printing costs, Trustee's fees and charges, Paying Agent's fees and charges, financial advisory fees, costs of credit ratings, engineering fees, legal fees, accounting fees, the cost of any premiums for municipal bond insurance to insure the Series 2024A Second Lien Bonds, and the cost of any related services with respect to the Series 2024A Second Lien Bonds.

**"Debt Service Reserve Account"** means any account by that name established within the Series 2024A Second Lien Bonds Subaccount pursuant to the Series 2024A Supplemental Indenture.

**"Deputy City Clerk"** means the duly appointed and qualified person serving as the Deputy City Clerk of the City.

**"Mayor"** means the Mayor of the City.

**"Ordinance"** means this Ordinance as it may be modified or amended from time to time.

**"Qualified Reserve Account Credit Instrument"** means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated "Aa" or "AA" or better by a Rating Agency as of its date of issuance. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments under it other than a certification of the Trustee that the funds drawn under it are to be used for purposes for which moneys in the Debt Service Reserve Account may be used.

**"Second Lien Bond Determination Certificate"** means the certificate of an Authorized Officer with respect to the Series 2024A Second Lien Bonds of a series filed with the Office of the City Clerk or the Deputy City Clerk, addressed to the City Council as provided in Section 2.04(e) of Part B of this Ordinance.

**"Second Lien Bond Initial Purchasers"** means the underwriters or representatives of an underwriting syndicate or other purchasers to which, or at the direction of which, the City will sell the Series 2024A Second Lien Bonds of a series and with which the City will enter into a Second Lien Bond Purchase Agreement, as an Authorized Officer shall designate in the related Second Lien Bond Determination Certificate.

**"Second Lien Bond Provider"** means a company, banking institution or other financial institution which is the issuer of a Qualified Reserve Account Credit Instrument.

**"Second Lien Bond Purchase Agreement"** means the Second Lien Bond Purchase Agreement between the City and the Second Lien Bond Initial Purchasers of the Series 2024A Second Lien Bonds of a series authorized by Section 2.04(a) of Part B of this Ordinance.

**"Second Lien Bond Revenues"** means all sums, amounts, funds or moneys which are deposited to the Second Lien Bonds Account pursuant to Section 3.03(b) of the Amended and Restated Second Lien Bonds Master Indenture.

**"Second Lien Bonds"** means the Series 2024A Second Lien Bonds authorized herein, the Prior Second Lien Bonds and all Second Lien Parity Bonds.

**"Second Lien Bonds Account"** means the separate account of that name established pursuant to Section 3.03(b) of the Amended and Restated Second Lien Bonds Master Indenture.

**"Second Lien Parity Bonds"** means obligations which may be issued on the date or after the issuance of the Series 2024A Second Lien Bonds which are payable from Second Lien Bond Revenues on an equal and ratable basis with the Series 2024A Second Lien Bonds and all other Outstanding Second Lien Bonds.

**"Section 2.08 Obligations"** means any obligations incurred by the City to reimburse or otherwise make payments to the issuer or issuers of one or more letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Credit Instruments) securing one or more series of Second Lien Bonds as described in Section 2.08 of the Amended and Restated Second Lien Bonds Master Indenture, including any fees or other amounts payable to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, whether such obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination thereof.

**"Series Reserve Account Requirement"** means the deposit requirement established in the Series 2024A Supplemental Indenture for the Debt Service Reserve Account.

**"Series 2024A Second Lien Bonds Subaccount"** means the subaccount of that name established within the Second Lien Bonds Account created under the Amended and Restated Second Lien Bonds Master Indenture, as further described in the Series 2024A Supplemental Indenture.

**"Series 2024A Supplemental Indenture"** means the Supplemental Indenture respecting the initial series of Series 2024A Second Lien Bonds approved in Section 2.03 of Part B of this Ordinance, the form of which is attached to this Ordinance as Exhibit A.

**"Supplemental Indenture"** means each Supplemental Indenture duly entered into in accordance with the terms of the Amended and Restated Second Lien Bonds Master Indenture (other than the Series 2024A Supplemental Indenture) respecting each series of Second Lien Bonds other than the Series 2024A Second Lien Bonds approved in Section 2.03 of Part B of this Ordinance.

**"Treasurer"** means the Treasurer of the City.

**"Trustee"** means The Bank of New York Mellon Trust Company, N.A., as successor to Amalgamated National Bank and Trust Company of Chicago, as trustee under the Amended and Restated Second Lien Bonds Master Indenture.

**"Water Fund"** means the separate fund designated the "Water Fund of the Municipality of Chicago" established pursuant to Section 3.03 of the Amended and Restated Second Lien Bonds Master Indenture.

**"Water System"** means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for water supply, distribution

or collection purposes, including the Projects, any and all further extensions, improvements and additions to the foregoing.

As used in this Ordinance with respect to any Series 2024A Second Lien Bond that is a Capital Appreciation Obligation, the term "principal" refers as of any date, to a Bond's Compound Accreted Value.

**Section 1.02. Recitals Incorporated.** The recitals contained in Part A above are expressly incorporated and made a part of this Ordinance.

## **ARTICLE II DETAILS OF THE SERIES 2024A SECOND LIEN BONDS**

**Section 2.01. Principal Amount, Designation, Sources of Payment.** The City is authorized to borrow money for the purposes specified in Section 2.02 of Part B of this Ordinance, and in evidence of its obligation to repay the borrowing is authorized to issue at one or more times the Series 2024A Second Lien Bonds in one or more series and to execute and deliver the Series 2024A Supplemental Indenture and one or more Supplemental Indentures, as necessary, subject to and as further described in Section 2.03 of Part B of this Ordinance, provided that the total aggregate principal amount of any Series 2024A Second Lien Bonds shall not exceed \$400,000,000, plus an amount equal to the amount of any original issue discount (not to exceed 85 percent of the aggregate principal amount of such series of Series 2024A Second Lien Bonds) used in the marketing of such Series 2024A Second Lien Bonds). The Series 2024A Second Lien Bonds shall be issued pursuant to the Amended and Restated Second Lien Bonds Master Indenture, the Series 2024A Supplemental Indenture and one or more Supplemental Indentures, if any. The Series 2024A Second Lien Bonds shall be designated "Second Lien Water Revenue Bonds, Refunding Series 2024A" provided that if an Authorized Officer determines that a different designation that clearly indicates the lien status and the year in which the Bonds are issued will assist in the sale of the Bonds, such designation is permitted. If the Series 2024A Second Lien Bonds are issued in more than one series, each series shall be appropriately designated to indicate the order of its issuance. The Series 2024A Second Lien Bonds shall be limited obligations of the City having a claim for payment of principal, redemption premium and interest solely from the Trust Estate, including without limitation amounts in the Series 2024A Second Lien Bonds Subaccount of the Second Lien Bonds Account, the sources pledged under the Amended and Restated Second Lien Bonds Master Indenture and the Series 2024A Supplemental Indenture, and, together with any Outstanding Second Lien Bonds and Second Lien Parity Bonds, from Second Lien Bond Revenues. The Series 2024A Second Lien Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitation as to indebtedness and shall have no claim to be paid from taxes of the City, and each Series 2024A Second Lien Bond shall contain a statement to that effect. The Series 2024A Supplemental Indenture shall grant the Registered Owners of the Series 2024A Second Lien Bonds a lien on and security interest in Net Revenues.

**Section 2.02. Purposes.** The borrowing and issuance of the Series 2024A Second Lien Bonds authorized in Section 2.01 of Part B of this Ordinance shall be for any one or more of the purposes of (1) refunding the Refunded Bonds, (2) paying Costs of Issuance of the Series 2024A Second Lien Bonds, (3) paying the costs of acquiring a Qualified Reserve Account Credit Instrument for the Series 2024A Second Lien Bonds or making a deposit to the Series 2024A Second Lien Bonds Dedicated Subaccount in the amount required by the

Series 2024A Supplemental Indenture and (4) providing for any discount on the Series 2024A Second Lien Bonds.

**Section 2.03. Approval of Series 2024A Supplemental Indenture for the Series 2024A Second Lien Bonds, Bond Provisions.** (a) The form of Series 2024A Supplemental Indenture attached to this Ordinance as Exhibit A is approved in all respects. Each Authorized Officer is authorized, with respect to the initial series of Series 2024A Second Lien Bonds, to execute and deliver the Series 2024A Supplemental Indenture for the Series 2024A Second Lien Bonds in substantially the form attached to this Ordinance as Exhibit A for and on behalf of the City, and the City Clerk and the Deputy City Clerk are each authorized to attest the same and to affix to the same the corporate seal of the City or a facsimile of such corporate seal. Each Authorized Officer is further authorized with respect to any series of Series 2024A Second Lien Bonds issued subsequent to the initial series of Series 2024A Second Lien Bonds to execute and deliver a Supplemental Indenture containing the information set forth in Section 2.03 of the Amended and Restated Second Lien Bonds Master Indenture and in substantially the form of the Series 2024A Supplemental Indenture, and the City Clerk and the Deputy City Clerk are each authorized to attest the same and to affix to the same the corporate seal of the City or a facsimile of such corporate seal. The Series 2024A Supplemental Indenture and each Supplemental Indenture executed and delivered pursuant to this Section 2.03 may contain such changes and revisions to reflect the terms of the applicable series of Series 2024A Second Lien Bonds (including, without limitation changes and revisions related to the issuance of such Series 2024A Second Lien Bonds such that the interest thereon is subject to Federal income taxation) consistent with the purposes and intent of Part B of this Ordinance and with the covenants set forth in the Amended and Restated Second Lien Bonds Master Indenture as shall be approved by an Authorized Officer, the execution and delivery of such Series 2024A Supplemental Indenture to constitute conclusive evidence of the City Council's approval of any and all such changes or revisions in such instrument. The Series 2024A Supplemental Indenture and such Supplemental Indentures shall set forth such covenants with respect to the imposition of Water System rates, the issuance of Second Lien Parity Bonds, the application of funds in the Water Fund and the Second Lien Bonds Account and other matters relating to the Series 2024A Second Lien Bonds and the security for the Series 2024A Second Lien Bonds as shall be deemed necessary by an Authorized Officer in connection with the sale of any series of the Series 2024A Second Lien Bonds, provided that such covenants are not inconsistent with the terms of this Ordinance or the Amended and Restated Second Lien Bonds Master Indenture.

(b) The Series 2024A Second Lien Bonds may be issued bearing interest at a fixed interest rate or rates, including as Capital Appreciation Series 2024A Second Lien Bonds.

(c) The Series 2024A Second Lien Bonds shall mature not later than November 1, 2064, and shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, until the City's obligation with respect to the payment of the principal amount of such Series 2024A Second Lien Bonds shall be discharged, payable as provided in the Series 2024A Supplemental Indenture and each other Supplemental Indenture at a rate or rates not in excess of 10 percent per year computed on the basis of a 360-day year consisting of twelve 30-day months. Each series of the Series 2024A Second Lien Bonds may be subject to mandatory and optional redemption and demand purchase or mandatory purchase provisions prior to maturity,



upon the terms and conditions set forth in the Series 2024A Supplemental Indenture. Each series of the Series 2024A Second Lien Bonds may have a Series Reserve Account Requirement which can be fulfilled by a deposit of money into a Debt Service Reserve Account or the purchase of a Qualified Reserve Account Credit Instrument, as authorized by the Series 2024A Supplemental Indenture or another Supplemental Indenture.

(d) Each Series 2024A Second Lien Bond shall be issued in fully registered form and in the denominations set forth in the Series 2024A Supplemental Indenture and each other Supplemental Indenture; and shall be dated and numbered and further designated and identified as provided in the Series 2024A Supplemental Indenture and each other Supplemental Indenture.

(e) Principal of and premium, if any, on the Series 2024A Second Lien Bonds shall be payable as provided in the Series 2024A Supplemental Indenture and each other Supplemental Indenture.

(f) Subject to the limitations set forth in this Section and Section 2.01 of Part B of this Ordinance, authority is delegated to each Authorized Officer to determine the aggregate principal amount of Series 2024A Second Lien Bonds to be issued, the date of such Series 2024A Second Lien Bonds, the maturity date of such Series 2024A Second Lien Bonds, any provisions for optional redemption of such Series 2024A Second Lien Bonds (which optional redemption shall be at redemption prices not exceeding 120 percent of the principal amount of such Series 2024A Second Lien Bonds to be so redeemed), the schedule of sinking fund payments (if any) to be applied to the mandatory redemption of such Series 2024A Second Lien Bonds (which mandatory redemption shall be at a redemption price equal to the principal amount of each Series 2024A Second Lien Bond to be redeemed, without premium, plus accrued interest), the rate of interest payable on such Series 2024A Second Lien Bonds and the first interest payment of such Series 2024A Second Lien Bonds.

The 120 percent limitations set forth in the preceding paragraph on the redemption price of Series 2024A Second Lien Bonds shall not apply where the redemption price is to be based upon a formula designed to compensate the owner of such Bonds to be redeemed based upon prevailing market conditions on the date fixed for redemption, commonly known as a "make-whole" redemption price (the "*Make-Whole Redemption Price*"). At the time of sale of any series of the Series 2024A Second Lien Bonds, an Authorized Officer shall determine the provisions of the formula to be used to establish any Make-Whole Redemption Price. An authorized Officer shall confirm and transmit the applicable Make-Whole Redemption Price on such dates and to such parties as shall be necessary to effectuate such redemption.

Notwithstanding the foregoing, at the time of sale of any series of the Series 2024A Second Lien Bonds such that the interest thereon is subject to Federal income taxation, each Authorized Officer is authorized to determine the manner of redeeming such Bonds, either pro rata or by lot, in the event less than all of such Series 2024A Second Lien Bonds are to be redeemed. If such Series 2024A Second Lien Bonds are held in book-entry form at the time of redemption, at the time of sale of such Bonds, an Authorized Officer is authorized to direct the Trustee to instruct the book-entry depository to select the specific Series 2024A Second Lien Bonds within such maturity and interest rate for redemption pro-rata among such Bonds. If so determined by the applicable book-entry depository, the particular Series

2024A Second Lien Bonds or portions thereof to be redeemed may be selected on a pro-rata pass-through distribution of principal basis in accordance with the applicable procedures and operational arrangements of such depository. The City shall have no responsibility or obligation to ensure that the book-entry depository properly selects such Bonds for redemption.

#### **Section 2.04. Sale of Series 2024A Second Lien Bonds.**

(a) Each Authorized Officer is authorized to execute on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, a Second Lien Bond Purchase Agreement for the sale by the City to the Second Lien Bond Initial Purchasers of the Series 2024A Second Lien Bonds of a series pursuant to a negotiated sale on such terms as such Authorized Officer may deem to be in the best interests of the City as provided in this Ordinance. Such terms include, without limitation, (i) the aggregate principal amount of the Series 2024A Second Lien Bonds of such series, (ii) the amount of any original issue discount, (iii) the principal amount of the Series 2024A Second Lien Bonds of such series maturing in each year, (iv) whether interest on any of the Series 2024A Second Lien Bonds being issued and sold is subject to federal income taxation, (v) the issuance of the Series 2024A Second Lien Bonds of such series as serial bonds, non-callable term bonds, term bonds subject to mandatory sinking fund redemption or any combination of serial bonds, non-callable term bonds, or term bonds subject to mandatory sinking fund redemption, (vi) whether any Series 2024A Second Lien Bonds of such series will be issued as Capital Appreciation Series 2024A Second Lien Bonds, (vii) whether any Capital Appreciation Series 2024A Second Lien Bonds will also bear current interest, (viii) the numbering of the Series 2024A Second Lien Bonds, (ix) the interest rate or rates or interest rate determination methods for the Series 2024A Second Lien Bonds of such series, (x) the method by which and rate at which the Compound Accreted Value of Capital Appreciation Series 2024A Second Lien Bonds shall be established, (xi) whether the Debt Service Reserve Requirement, if any, for the Series 2024A Second Lien Bonds of such series (if any such requirement is required to be met upon initial issuance of the Series 2024A Second Lien Bonds) will be met by a Qualified Reserve Account Credit Instrument or by cash from proceeds of the Series 2024A Second Lien Bonds and (xii) the first interest payment and compounding dates, the purposes for which the Series 2024A Second Lien Bonds of such series are being issued pursuant to the authorization granted in Section 2.02 of Part B of this Ordinance, and the prices and other terms upon which such Series 2024A Second Lien Bonds are subject to redemption, all as provided in and subject to the authorizations and limitations expressed in this Article II, including the limitations set forth in Section 2.03(f) of Part B of this Ordinance. The purchase price shall not be less than 85 percent of the principal amount of the Series 2024A Second Lien Bonds of such series plus accrued interest on such Series 2024A Second Lien Bonds from their date to the date of their delivery, plus accrued interest on such Series 2024A Second Lien Bonds from their date to the date of their delivery, less any original issue discount (subject to the limitations in Section 2.01 of Part B of this Ordinance) and the compensation paid to the Second Lien Bond Initial Purchasers in connection with any sale of such series of Series 2024A Second Lien Bonds shall not exceed five percent of the principal amount of such Series 2024A Second Lien Bonds being sold. Nothing contained in this Ordinance shall limit the sale of the Series 2024A Second Lien Bonds or any maturity or maturities thereof at a price or prices in excess of the principal amount thereof. Each Second Lien Bond Purchase Agreement shall be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Series 2024A Second Lien Bonds of the applicable series and such other revisions in text as an Authorized Officer shall determine are desirable or necessary in connection with the sale of such Series 2024A Second Lien Bonds. An Authorized Officer shall determine the principal amount of the Series 2024A Second Lien

Bonds of such series necessary to be issued for the purposes for which they are to be issued within the maximum amount specified in this Ordinance. Each Authorized Officer may in the related Second Lien Bond Determination Certificate provide for such changes to the terms of the Series 2024A Second Lien Bonds of such series, the form of the Series 2024A Second Lien Bonds of such series and the various bond covenants from those provided in this Ordinance and the Amended and Restated Second Lien Bonds Master Indenture as he or she shall determine but which shall result in the Series 2024A Second Lien Bonds of such series having substantially the terms and being in substantially the form provided in the Amended and Restated Second Lien Bonds Master Indenture and the Series 2024A Supplemental Indenture or Supplemental Indenture, as appropriate. Nothing in this Section 2.04 shall limit or restrict the ability of the City to sell the Series 2024A Second Lien Bonds by one or more private placements.

(b) Each Authorized Officer is further authorized to take the actions and execute and deliver the documents and instruments specified in this Part B. The Series 2024A Second Lien Bonds of such series shall be then duly prepared and executed in the form and manner provided in the Amended and Restated Second Lien Bonds Master Indenture and the Series 2024A Supplemental Indenture or Supplemental Indenture, as appropriate, and delivered to the Second Lien Bond Initial Purchasers or otherwise in accordance with the terms of sale.

(c) Each Authorized Officer is authorized to cause to be prepared and delivered to prospective purchasers of the Series 2024A Second Lien Bonds of a series a Preliminary Official Statement or other disclosure document, as shall be approved by such Authorized Officer that shall be in substantially the form previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Series 2024A Second Lien Bonds and to describe accurately the current condition of the Water System and the parties to the financing. Upon sale of the Series 2024A Second Lien Bonds of a series, each Authorized Officer is authorized to cause a final Official Statement or other disclosure document to be prepared, executed and (i) delivered to the Second Lien Bond Initial Purchasers and (ii) filed with the Office of the City Clerk or the Deputy City Clerk directed to the City Council.

(d) Upon a finding by an Authorized Officer that the purchase of municipal bond insurance for the Series 2024A Second Lien Bonds of a series is likely to facilitate the marketing and sale of such Series 2024A Second Lien Bonds and permit completion of such sale in a timely fashion, and that such insurance is available at an acceptable premium, such Authorized Officer is authorized to cause the City to purchase a Section 2.08 Obligation consisting of a policy of municipal bond insurance for such Series 2024A Second Lien Bonds, payable from amounts received upon the sale of such Series 2024A Second Lien Bonds or from available funds in the Water Fund, and to execute an agreement relating to such Section 2.08 Obligation and any related agreements with the provider of such Section 2.08 Obligation. Such policy shall be provided by a bond insurance company or association approved by such Authorized Officer. In addition, upon a finding by an Authorized Officer that the purchase of a Qualified Reserve Account Credit Instrument is appropriate, and that such Qualified Reserve Account Credit Instrument is available at an acceptable cost, such Authorized Officer is authorized to cause the City to obtain a Qualified Reserve Account Credit Instrument to satisfy any Debt Service Reserve Requirement for the Series 2024A Second Lien Bonds of a series, the cost of which shall be payable from amounts received upon the sale of such Series 2024A Second Lien Bonds or from available funds in the Water Fund, and to execute an agreement relating to such Qualified Reserve Account Credit Instrument and any related agreements with the Second Lien Bond Provider of such Qualified Reserve Account Credit Instrument. An Authorized Officer may on behalf of the City make necessary covenants with respect to any policy of municipal bond insurance or Qualified Reserve Account Credit Instrument consistent with this Ordinance, including, without limitation, granting the provider of a policy of municipal

bond insurance or the Second Lien Bond Provider the right to consent to amendments to this Ordinance on behalf of the Registered Owners of the Series 2024A Second Lien Bonds of the appropriate series so long as such provider is not in default and is observing its obligations under such policy or Qualified Reserve Account Credit Instrument.

(e) Subsequent to the sale of the Series 2024A Second Lien Bonds of a series, an Authorized Officer shall file in the Office of the City Clerk or the Deputy City Clerk directed to the City Council (i) a Second Lien Bond Determination Certificate setting forth the terms of sale of such Series 2024A Second Lien Bonds consistent with Section 2.04(a) of Part B of this Ordinance and, if appropriate, the designations described in Section 2.04(b) of Part B of this Ordinance, (ii) an executed copy of the applicable Second Lien Bond Purchase Agreement, with the concurrence of the Chairman of the Committee on Finance of the City Council, setting forth the terms of sale of such Series 2024A Second Lien Bonds, (iii) the applicable Preliminary Official Statement, final Official Statement and/or other disclosure document of the City as provided in Section 2.04(c) of this Part B, (iv) Series 2024A Supplemental Indenture or Supplemental Indenture, as appropriate, (v) an executed copy of the remarketing agreement, if any and (vi) if applicable, an executed copy of the agreement relating to any Section 2.08 Obligation.

If so determined and directed by such Authorized Officer in the Second Lien Bond Determination Certificate in connection with the sale of any Series 2024A Second Lien Bonds, such Series 2024A Second Lien Bonds shall be issued in book-entry only form. In connection with the issuance of any Series 2024A Second Lien Bonds in book-entry only form, such Authorized Officer is authorized to execute and deliver to the book-entry depository selected by the Chief Financial Officer such depository's standard form of representation letter.

### **ARTICLE III AMENDMENT OF PART B OF THIS ORDINANCE**

The City may amend or modify this Part B from time to time and may modify the rights and obligations of the City and the Registered Owners of the Second Lien Bonds in accordance with the Amended and Restated Second Lien Bonds Master Indenture.

### **PART C**

#### **ARTICLE I GENERAL PROVISIONS**

**Section 1.01. Authority.** This Ordinance is adopted pursuant to the powers of the City as a home rule unit under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois. The Mayor and each Authorized Officer of the City are authorized to take such actions and do such things as shall be necessary or desirable, in the judgment of any such officers, to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance, including, but not limited to, the exercise following the delivery date of any of the Series 2024A Second Lien Bonds of any power or authority delegated to such official of the City under this Ordinance with respect to such Series 2024A Second Lien Bonds upon their issuance, but subject to any limitations on or restrictions of such power or authority as set forth in this Ordinance. The Mayor, the Chief Financial Officer, the City Comptroller, the Treasurer, the City Clerk and the Deputy City Clerk are each authorized to execute and deliver such other documents and perform such other acts as may be necessary or desirable in

connection with the Series 2024A Second Lien Bonds, the Series 2024A Supplemental Indenture or any Supplemental Indenture, the Second Lien Bond Purchase Agreement, the Amended and Restated Second Lien Bonds Master Indenture and the transactions authorized pursuant to this Ordinance, including, but not limited to, the exercise following the delivery date(s) of the Series 2024A Second Lien Bonds of any power or authority delegated to such official under this Ordinance with respect to the Series 2024A Second Lien Bonds, the Series 2024A Supplemental Indenture or any Supplemental Indenture, the Second Lien Bond Purchase Agreement or the Amended and Restated Second Lien Bonds Master Indenture, but subject to any limitations on or restrictions of such power or authority as set forth in this Ordinance.

**Section 1.02. Authorized Signatures.** The Mayor, the City Clerk, the Deputy City Clerk and each Authorized Officer may each designate another to act as their respective proxies and, as applicable, to affix their respective signatures to Series 2024A Second Lien Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor, the City Clerk, the Deputy City Clerk or such Authorized Officer pursuant to this Ordinance. In each case, each shall send to the City Council written notice of the person so designated by each such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor, the City Clerk, the Deputy City Clerk or such Authorized Officer, respectively. A written signature of the Mayor, the City Clerk, the Deputy City Clerk or of an Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and filed with the City Clerk or the Deputy City Clerk. When the signature of the Mayor, the City Clerk, the Deputy City Clerk or an Authorized Officer, as the case may be, is placed on an instrument, certificate or document at the direction of the Mayor, the City Clerk, the Deputy City Clerk or such Authorized Officer, as the case may be, in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor, the City Clerk, the Deputy City Clerk or such Authorized Officer, as the case may be, in person.

**Section 1.03. Conflict.** To the extent that any ordinance, resolution, provision of the Municipal Code, rule or order is in conflict with or is inconsistent with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this Ordinance or the instruments authorized by this Ordinance, including the Series 2024A Second Lien Bonds, the Amended and Restated Second Lien Bonds Master Indenture, the Series 2024A Supplemental Indenture or any Supplemental Indenture or to make any such document or instrument voidable at the option of the City, or to impair the rights of the owners of the Series 2024A Second Lien Bonds to receive payment of the principal of, premium, if any, or interest on the Series 2024A Second Lien Bonds, or to impair the security for the Series 2024A Second Lien Bonds; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

**Section 1.04. Severability.** 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 1.05. Registered Owner Remedy.** Any Registered Owner of a Series 2024A Second Lien Bond may proceed by civil action to compel performance of all duties required by this Ordinance and the Amended and Restated Second Lien Bonds Master Indenture, including the establishment and collection of sufficient fees, charges and rates for services supplied by the Water System and the application of Gross Revenues and the various Accounts of the Water Fund as provided by the Amended and Restated Second Lien Bonds Master Indenture.

**Section 1.06. Contract.** The provisions of this Ordinance shall constitute a contract between the City and the Registered Owners of the Series 2024A Second Lien Bonds, and no changes, additions or alterations of any kind shall be made to that contract except as provided in this Ordinance, and as provided in the Amended and Restated Second Lien Bonds Master Indenture, the Series 2024A Supplemental Indenture and any Supplemental Indenture, so long as the Series 2024A Second Lien Bonds are Outstanding.

**Section 1.07. Appropriation.** The provisions of this Ordinance constitute an appropriation of the amounts received upon the sale of the Series 2024A Second Lien Bonds for the purposes specified in Section 2.02 of Part B of this Ordinance, and an appropriation of the Net Revenues for deposit in the various Accounts established as provided by the Amended and Restated Second Lien Bonds Master Indenture, and for payment of principal of, redemption premium, if any, and interest on the Series 2024A Second Lien Bonds and for other payments required to be made by the City pursuant to the documents, agreements and instruments authorized herein, all as provided in this Ordinance.

**Section 1.08. Continuing Disclosure Undertaking.** The Mayor and each Authorized Officer are authorized to execute and deliver, as to each series of the Series 2024A Second Lien Bonds, an undertaking (a "*Continuing Disclosure Undertaking*") evidencing the City's agreement to comply with the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as from time to time in effect, in a form approved by the Corporation Counsel of the City. Upon its execution and delivery on behalf of the City, any Continuing Disclosure Undertaking shall be binding upon the City, and the officers, employees and agents of the City are authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Continuing Disclosure Undertaking as executed. Each Authorized Officer is further authorized to make such amendments to such Continuing Disclosure Undertaking in accordance with its terms from time to time following its execution and delivery as said officer shall deem necessary. Notwithstanding any other provision of this Ordinance, the sole remedies for failure by the City to comply with any Continuing Disclosure Undertaking shall be the ability of the beneficial owner of the applicable series of Series 2024A Second Lien Bonds to seek mandamus or specific performance by court order to cause the City to comply with its obligations under such Continuing Disclosure Undertaking. No failure by the City to comply with any Continuing Disclosure Undertaking shall constitute a default under this Ordinance or under any Series 2024A Second Lien Bonds.

**Section 1.09. Headings.** Any headings preceding the texts of the several Articles and Sections of this Ordinance shall be solely for convenience or reference and shall not constitute a part of this Ordinance nor shall they affect its meaning, construction or effect.

**Section 1.10. Effectiveness.** This Ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least five copies hereof, which copies are to be made available in her office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance. This Ordinance shall be in full force and effect on the date of its passage, approval and publication as provided herein.

EXHIBIT A  
FORM OF SERIES 2024A SUPPLEMENTAL INDENTURE



**Exhibit B**  
**Provisions Applicable to Insured Bonds**

[To Be Provided by Bond Insurer]