Agenda Cover Memorandum

Meeting Date: November 9, 2016

Fiscal Year: FY17

Meeting Type: ☐ COW (Committee of the Whole) ☒ City Council ☐ Budget Workshop

Item Title: Approve the final reading of an Ordinance accepting the terms of sale for the 2016 bonds (waive first reading)

Action Requested: ☒ Approval ☐ Discussion ☐ Feedback Requested ☐ For Your Information

Staff Contact: Joe Gilmore, Acting City Manager Phone: (847) 318-5216 Email: jgilmore@parkridge.us

Background:
The Council has previously been presented with the opportunity to refund the outstanding 2006A Bonds for savings. The options presented to Council on 9/12/2016 and 9/26/2016 included two scenarios ("level payments" and "optimal savings") using either a public or private sale. A parameters Ordinance passed unanimously at the 9/26/16 (Committee of the Whole meeting), 10/3/2016 (City Council meeting – First Reading) and 10/17/16 (City Council meeting – Final Reading).

Per Council agreement, our bond advisor at William Blair pursued the private sale option initially (vs. public sale), due to lower overall costs of issuance and comparable interest rates. Eight banks were contacted and ultimately one submitted a bid on November 2, 2016. Analysis of this submittal showed it would indeed provide superior net savings as compared with anticipated public sale scenarios.

The City's bond advisor, bond counsel, and City Attorney reviewed the documents provided by JPM/Chase and requested modifications. JPM/Chase has modified the documents and the City's staff and advisors are able to recommend approval. One provision of the JPM/Chase submittal (the "rate lock agreement") was not anticipated by the parameters Ordinance and requires Council's consideration and consensus to move forward.

Staff believes that the bond sale with JPM/Chase is the preferred course of action. The City stands to save $1,149,380, or 11.346%, on a present value basis. Our bond advisor is in attendance tonight to discuss the bond refunding.

Our rate lock with JPM/Chase expires at 10:00AM (CST) on 11/10/2016, which is the reason that staff is also seeking to waive the first reading of the ordinance.

Recommendation:
Approve the final reading of an Ordinance accepting the terms of sale for the 2016 bonds (waive first reading)

Budget Implications:
n/a

Attachment(s), if any:
- Bond Sale Results Presentation
- Park Ridge 2016 Bond Sale Ordinance
- Rate Lock Letter Agreement
- JPM/Chase Commitment Letter and Term Sheet

November 9, 2019

City of Park Ridge, Illinois

Bond Sale Results

Elizabeth M. Hennessy
William Blair & Company, LLC

(312) 364-8955
ehennessy@williamblair.com

William Blair

Local Bank Approach

BMO Harris Bank
Wintrust Financial
MB Financial Bank
PNC Financial Services
JP Morgan Chase Bank
Park Ridge Community Bank
Village Bank & Trust
Liberty Bank for Savings

Comparison of Savings versus Aa2 Rate Public Sales

City of Park Ridge, Illinois
Private Placement Analysis

	JPM Chase Private Placement	11/07/16 Addison (AA/AA+) Competitive Sale	11/01/16 Lake Co SD #121 (AA) Competitive Sale	10/26/16 Winnebago Co FPD (Aa2) Competitive Sale	(Estimate 11/02/16) Public Sale (Aa2) Competitive Sale
Yield per Maturity:					
12/1/2019	1.770%	1.450%	1.450%	1.700%	1.450%
12/1/2020	1.770%	1.550%	1.550%	1.750%	1.590%
12/1/2021	1.770%	1.750%	1.750%	1.800%	1.740%
12/1/2022	1.770%	1.850%	1.850%	1.950%	1.870%
12/1/2023	1.770%	2.000%	2.000%	2.050%	2.040%
12/1/2024	1.770%	2.100%	2.100%	2.100%	2.210%
Costs of Issuance*:	47,700	116,200	116,200	116,200	116,200
PV Savings	1,149,380	1,088,358	1,066,568	1,026,954	1,052,569
PV Savings %	11.346%	10.743%	10.529%	10.138%	10.391%
All-In TIC	1.867%	2.000%	2.052%	2.148%	2.090%

*Public sale costs of issuance include additoinal fees: an underwriter's discount of $5.00 per bond, Rating agency fees and Official Statement production fees that are not included in the private placement scenario.

JP Morgan Rate Lock Agreement

- Unique to JP Morgan's offer to purchase the Bonds is a Rate Lock Agreement
- The Rate Lock Agreement states that if ***the bond issue does not close*** as planned on or about December 1st, through some fault of the Issuer (the City), AND if ***interest rates decrease*** between the time we lock in the interest rate and the closing date, then the City will owe the Bank a Reinvestment Premium
- This is meant to compensate the Bank for tying up its funds between pricing and closing; if interest rates fall and they have to lend those funds at a lower rate, that is the point of the calculation
- After much negotiation the following reflect the final terms on the Rate Lock Agreement:
  - Cap of exposure at $150,000 (reflecting 30 basis point reduction)
  - Leeway of 1 week for closing period
  - Only activated if Issuer makes closing impossible
  - Leeway in amount of bonds of 3%

Series 2016 – Final Savings and Debt Structure

City of Park Ridge, IL

Series 2016 Final Refunding Analysis

Level Payments

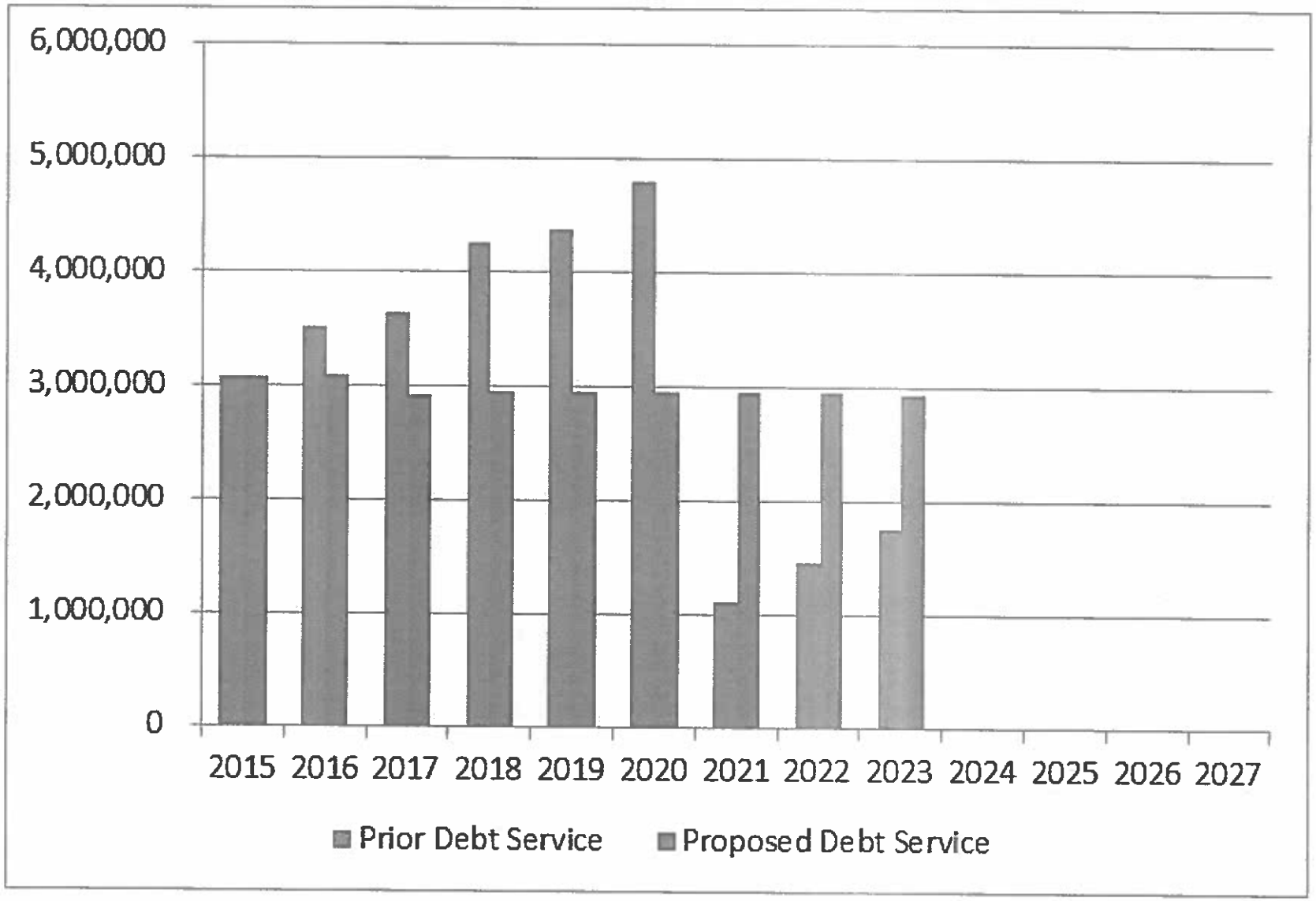
Bond Year Ending	Levy Year Ending	Series 2006A	Series 2012B	Series 2015A	Series 2015B	Total Outstanding D/S	Option I: 2016A Less: Refunded D/S	Option I: 2016A Plus: Series 2016A	Total Proposed D/S
12/01/16	2015	610,750	295,598	188,250	1,983,150	3,077,748		0	3,077,748
12/01/17	2016	606,500	301,278	188,250	2,419,200	3,515,228	(606,500)	176,823	3,085,551
12/01/18	2017	886,500	315,398	453,250	1,973,950	3,629,098	(886,500)	176,823	2,919,421
12/01/19	2018	3,472,250	323,348	455,300		4,250,898	(3,472,250)	2,166,823	2,945,471
12/01/20	2019	3,467,750		907,050		4,374,800	(3,467,750)	2,036,600	2,943,650
12/01/21	2020	3,696,000		1,105,000		4,801,000	(3,696,000)	1,838,059	2,943,059
12/01/22	2021			1,101,350		1,101,350		1,842,438	2,943,788
12/01/23	2022			1,451,950		1,451,950		1,491,197	2,943,147
12/01/24	2023			1,756,150		1,756,150		1,185,620	2,941,770
12/01/25	2024								
12/01/26	2025								
12/01/27	2026								
12/01/28	2027								
Total		12,739,750	1,235,620	7,606,550	6,376,300	27,958,220	(12,129,000)	10,914,382	26,743,602

CF Savings	1,214,618
PV Savings	1,149,380
PV Savings %	11.346%

William Blair & Company, LLC

11/9/2016

Series 2016 – Final Savings and Debt Structure



Notice and Disclaimer

The accompanying information was obtained from sources which William Blair & Company, L.L.C. believes to be reliable but does not guarantee its accuracy and completeness.

The material has been prepared solely for informational purposes and is not a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy.

Historical data is not an indication of future results.

The opinions expressed are our own unless otherwise stated.

Additional information is available upon request.

Please contact us for further information:

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William Blair & Company, L.L.C.
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ehennessy@williamblair.com
www.williamblair.com

ORDINANCE NO. 2016 - 66

ORDINANCE ACCEPTING THE TERMS OF SALE OF THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016, OF THE CITY OF PARK RIDGE, ILLINOIS AND AUTHORIZING THE EXECUTION AND DELIVERY OF FINANCING AGREEMENTS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PARK RIDGE, ILLINOIS, AS FOLLOWS:

Section 1. Authority, Findings and Purposes. This ordinance is adopted pursuant to Section 6 of Article VII of the Illinois Constitution of 1970. Pursuant to Ordinance No. 2016-61 adopted by the City Council of the City of Park Ridge, Illinois (the "City") on October 17, 2016 and entitled: "Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2016, of the City of Park Ridge, Illinois", the City has authorized the issuance of its General Obligation Refunding Bonds, Series 2016 (the "Bonds") and delegated to the Mayor and the Acting City Manager the authority to offer the Bonds for sale.

J.P. Morgan Chase Bank, N.A. ("J.P. Morgan") has presented to the City its offer to purchase the Bonds as set forth in a Credit Facility Commitment Letter and Term Sheet attached to this ordinance as Exhibit A (the "Commitment Letter") and a Rate Lock Letter Agreement attached to this ordinance as Exhibit B (the "Rate Lock Agreement") with respect to the Bonds.

This Ordinance is adopted for the purposes of accepting the terms of the J.P. Morgan offer to purchase the bonds (the "J.P. Morgan Offer") as set forth in the Commitment Letter and the Rate Lock Agreement.

Section 2. Offer Accepted. The J.P. Morgan Offer to purchase the Bonds is accepted by the City.

Section 3. Approval of Financing Documents. The terms and provisions of the Commitment Letter and the Rate Lock Agreement are approved by the City. The Mayor and the Acting City Manager are each authorized to execute and deliver on behalf of the City the Commitment Letter and Rate Lock Agreement and thereby to accept and agree to the terms thereof.

Section 4. Publication. The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

Section 5. Effective Date. This ordinance shall become effective upon its passage, approval and publication in pamphlet form.

Passed and adopted this 9th day of November, 2016, by roll call vote as follows:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Approved: November 9, 2016

_____

Marty Maloney, Acting Mayor

Published in pamphlet form: November 10, 2016

(SEAL)

ATTEST:

_____

Betty W. Henneman, City Clerk

CERTIFICATE

I, Betty W. Henneman, City Clerk of the City of Park Ridge, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Accepting the Terms of Sale of the General Obligation Refunding Bonds, Series 2016, of the City of Park Ridge, Illinois and Authorizing the Execution and Delivery of Financing Agreements," is a true copy of an original ordinance that was duly passed and adopted by the recorded affirmative votes of a majority of the members of the City Council of the City at a meeting thereof that was duly called and held at 7:00 p.m. on November 9, 2016, in the Council Chambers at City Hall, 505 Butler Place, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on November 9, 2016, and thereafter published in pamphlet form on November 10, 2016 and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120, and was continuously available for public review during the 48 hour period preceding the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 9th day of November, 2016.

_____
Betty W. Henneman, City Clerk

(SEAL)

RATE LOCK LETTER AGREEMENT

November 9, 2016

Joe Gilmore
City Manager
City of Park Ridge, Illinois
505 Butler Place
Park Ridge, IL 60068

Dear Joe:

Defined Terms:

Rate Lock Date:	November 9, 2016
Rate Lock Funding Period:	November 28, 2016 through December 2, 2016
Rate Lock Breakage Date:	Date on which the rate lock is broken during or before the Rate Lock Funding Period.
Rate Lock Amount:	$9,990,000, subject to 3% adjustment by the City
Annual Interest Rate (%):	1.77%

This letter is to confirm that, pursuant to your request, JPMorgan Chase Bank, N.A. (the "Bank") has reserved for the City of Park Ridge, Illinois ("Issuer") $9,990,000 in fixed rate funds (subject to a 3% adjustment by the City) effective on the Rate Lock Date, in anticipation of the Issuer's financing need during Rate Lock Funding Period.

The interest rate for the 8-year period of the above-described financing will be at an annual rate equal to 1.77%.

In order to lock the interest rate for this transaction, Issuer agrees that if, due to the actions of the Issuer, the Rate Lock Amount is not funded in accordance with the terms of the financing documents during the Rate Lock Funding Period, then Issuer shall pay a Reinvestment Premium to the Bank within 5 business days of the Bank's written request, as further described below.

I. A Reinvestment Premium shall be due and payable if (i) exceeds (ii) where (i) equals total scheduled interest payments due on the Rate Lock Amount calculated at the 8-year ICE Benchmark Administration Swap Rate effective on the Rate Lock Date plus 8 basis points, and (ii) equals total scheduled interest payments due on the Rate Lock Amount calculated at the 8-year ICE Benchmark Administration Swap Rate effective on the Rate Lock Breakage Date.

II. If (ii) above is equal to or greater than (i) above, then no Reinvestment Premium is due.

III. The Reinvestment Premium payable to the Bank shall be equal to the net present value of the difference in scheduled interest payments of (i) above less (ii) above for each scheduled interest period, discounted at the 8-year ICE Benchmark Administration Swap Rate effective on the Rate Lock Breakage Date

The Reinvestment Premium would be capped at $150,000.

If the Issuer is in agreement with the above, please indicate such acceptance by providing signatures as set forth below, and returning this letter to my attention. The letter will only be effective if a Commitment Letter between the Issuer and the Bank for this financing transaction has been fully executed.

I'm delighted that we could be of assistance to you in this matter and look forward to working with you to complete this transaction.

Yours truly,

JPMORGAN CHASE BANK, N.A.

By: Eric Fink

Name: Eric M. Fink

Its: Authorized Officer

Agreed to and accepted by:

CTY OF PARK RIDGE, ILLINOIS

Date: November 9, 2016

By:_____

Name:_____

Its:_____

November 9, 2016

J.P.Morgan

CREDIT FACILITY COMMITMENT

Direct Purchase of a Bank Qualified Tax-Exempt Bond, Series 2016 issued by the City of Park Ridge, Illinois in the amount of up to $9,990,000

J.P.Morgan

November 9, 2016

Joe Gilmore
City Manager
City of Park Ridge, Illinois
505 Butler Place
Park Ridge, IL 60068

Dear Joe:

The City of Park Ridge, Illinois (the "Issuer"), has requested that JPMorgan Chase Bank, N.A. or one of its affiliates purchase a "bank-qualified" bond (the "Facility" or "Bond") in the aggregate principal amount of $9,990,000. JPMorgan Chase Bank, N.A. or one of its affiliates (the "Purchaser") is pleased to confirm its willingness purchase the Bond in the amount of $9,990,000, (the "Commitment") on the terms and conditions set forth herein and in the term sheet attached hereto (the "Term Sheet").

The obligation of JPMorgan Chase Bank, N. A. or one of its affiliates to provide credit to the Issuer in the form of its purchase of the Bond is subject to delivery to the Bank of a certified copy of the Bond ordinance authorizing the issuance of the Bonds, an executed Bond Order or Notification of Sale reflecting the terms of the Bonds consistent with the attached term sheet and an opinion of Bond Counsel addressed to the Bank (the "Bond Counsel Opinion") to the effect that (i) the Bonds have been duly authorized, executed and delivered and are an enforceable obligation of the Issuer; (ii) interest on the Bonds is excluded from gross income of the holder thereof under federal income tax laws and (iii) the Issuer had designated the Bonds as a qualified tax exempt obligation under Section 265 (b) (3) of the Internal Revenue Code. The Purchaser's obligation under this Commitment shall also be subject to (a) the Purchaser's determination that there is no material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Issuer from April 30, 2016, (b) the Purchaser not becoming aware after the date hereof of any information or other matter affecting the Issuer or the transactions contemplated hereby which is inconsistent in a material and adverse manner with any such information or other matter disclosed to us prior to the date hereof, (c) the Issuer's compliance with the terms of this Commitment Letter and (d) the other conditions set forth or referred to herein and in the Term Sheet.

The Issuer hereby agrees to reimburse the Purchaser for all reasonable out-of-pocket expenses (including the reasonable fees, time charges and expenses of attorneys for the Purchaser) incurred in connection with the preparation, negotiation, execution, and enforcement of this commitment letter, the Bond and any other documentation contemplated hereby or thereby.

The obligations of the Purchaser under this commitment letter are enforceable solely by the Issuer and may not be relied upon by any other person. The Purchaser shall not be liable under this Commitment Letter or any Bond Document or in respect of any act, omission or event relating to the transaction contemplated hereby or thereby, on any theory of liability, for any special, indirect, consequential or punitive damages.

This Commitment Letter and the Term Sheet are for the Issuer's confidential use only and may not be disclosed by it to any person other than its employees, attorneys and financial advisors (but not commercial lenders), and then only in connection with the proposed transaction and on a confidential basis, except where (in the Issuer's reasonable judgment) disclosure is required by law or where the Purchaser consents to the proposed disclosure, which consent shall not be unreasonably withheld. Officers, directors, employees and agents of the Purchaser shall at all times have the right to share

information received from the Issuer with its affiliates and their respective officers, directors, employees and agents, all on a confidential basis. This Commitment Letter and the Term Sheet supersede any and all prior versions hereof or thereof. This Commitment Letter may only be amended by a writing signed by all parties hereto. This Commitment Letter shall be governed by the internal laws of the State of Illinois.

This Commitment Letter and the Term Sheet are submitted to you in our capacity as a lender in an arm's length commercial transaction. JPMorgan Chase Bank, N.A. and its affiliates are acting solely as a principal and not as a "Municipal Advisor" as defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules") or any other agent or fiduciary capacity. JPMorgan Chase Bank, N.A. and its affiliates are providing this information to you in reliance on the Bank exemption in the Municipal Advisor Rules and is not recommending that you take action or refrain from taking action or providing any advice. Please see "Municipal Advisor Disclosures and Disclaimers" in the Term Sheet for further information relating to the same.

You acknowledge that JPMorgan Chase Bank, N.A. and any of its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. Neither JPMorgan Chase Bank, N.A. nor any of its affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this letter or their other relationships with you in connection with the performance by JPMorgan Chase Bank, N.A. or any of its affiliates of services for other companies, and neither JPMorgan Chase Bank, N.A. nor any of its affiliates will furnish any such information to other companies. You also acknowledge that JPMorgan Chase Bank, N.A. and its affiliates have no obligation to use in connection with the transactions contemplated by this letter or to furnish to you confidential information obtained from other companies.

The compensation, reimbursement and confidentiality provisions contained herein and in the Term Sheet shall continue and are and shall remain absolute obligations of the Issuer, unless and until superseded by the provisions of definitive Bond Documents, whether or not the Bond Documents are executed or any loan is made by the Purchaser or any conditions of lending are met.

If the foregoing correctly sets forth our agreement, please indicate the Issuer's acceptance of the terms hereof and of the Term Sheet by returning to the Purchaser an executed counterpart hereof not later than 10:00 a.m., Chicago time, on November 10, 2016. The Purchaser's commitment will expire at such time in the event the Purchaser has not received such executed counterpart in accordance with the immediately preceding sentence. This Commitment Letter and Term Sheet supersede any and all prior versions hereof and thereof.

Sincerely,

JPMorgan Chase Bank, N.A.

By: Eric Fink

Title: Authorized Officer

ACCEPTED AND AGREED TO:

City of Park Ridge, Illinois

By: _____

Title: _____

Date: _____

CC: Laura Mishlove, Vice President, JPMorgan Chase Bank, N.A.
Laura Bilas, Partner, Foley & Lardner LLP

J.P.Morgan

City of Park Ridge, Illinois

Direct Purchase Bank Qualified Tax Exempt Bond, Series 2016

Summary of Terms and Conditions

November 9, 2016

This Summary of Terms and Conditions (the "Term Sheet") is delivered with a commitment letter of even date herewith (the "Commitment Letter") from JPMorgan Chase Bank, N.A. or its affiliates to the below defined Issuer in connection with the Facility. The terms, covenants and conditions set forth below outline some of the principal provisions of the Bond Documents. This Term Sheet supersedes all previous Term Sheets and oral discussions. Capitalized terms used in this Term Sheet and not otherwise defined herein have the meanings attributed to them in the Commitment Letter.

SECTION I	DESCRIPTION OF THE BOND
Issuer:	City of Park Ridge, Illinois (the "Issuer").
Purchaser:	JPMorgan Chase Bank, N.A. and its successors and assigns (the "Purchaser" or the "Bank").
Facility / Amount:	$9,990,000 Bank Qualified Tax-Exempt Direct Purchase Bond, Series 2016 (the "Bond" or the "Facility") issued as a single maturity Bond subject to mandatory annual sinking fund redemption. The Bond would be purchased at 100% of Par on an 'all or none' basis. The Bond would be designated by the Issuer as a "qualified tax exempt obligation" under Section 265(b)(3) of the Internal Revenue Code. The Bond shall not be rated by any rating agency, shall not be initially registered to participate in DTC, shall not contain a CUSIP number and shall not be marketed during any period in which the Bonds are held by the Purchaser pursuant to any Official Statement, Offering Memorandum or any other disclosure documentation. The Purchaser shall take physical delivery of the Bond at closing.
Purpose:	Proceeds of the Bond would be used to refund certain of the City's outstanding General Obligation Bonds, Series 2006A and pay costs associated with the issuance of the Bond.
Bond Maturity Date:	December 1, 2024

SECTION II INTEREST RATES, PAYMENTS AND FEES

Fixed Interest Rate: The Bond would accrue interest at a fixed rate per annum as set forth below. The following fixed interest rates are indicative as of November 9, 2016 and are subject to change daily until a written rate lock letter agreement is executed between the Issuer and the Bank:

Tenor	Optional Redemption Date*	Indicative Fixed Rate
8 Years	December 1, 2021	1.77% per annum

* The Bond is callable at par on or after the Optional Redemption Date.

Bond Payments / Amortization: Interest would be payable semi-annually commencing on June 1, 2017.

Principal would be payable annually commencing on December 1, 2019.

Period Ending	Proposed Principal
12/01/2017	
12/01/2018	
12/01/2019	1,990,000
12/01/2020	1,895,000
12/01/2021	1,730,000
12/01/2022	1,765,000
12/01/2023	1,445,000
12/01/2024	1,165,000
	9,990,000

Prepayment: The Bond may be prepaid in whole or in part, without premium or penalty, on or after the Optional Redemption Date as defined above.

Day Basis/Year: 30/360

Default Rate: 5.00%. Events of Default that would trigger the default rate include: non-payment of scheduled payments or bankruptcy.

SECTION III OTHER BOND TERMS AND PROVISIONS

Security: The Bond is a General Obligation of the Issuer, payable from proceeds of ad valorem taxes upon all the taxable property within the City for the payment of the Bond and interest thereon without limitation as to rate or amount.

Required Documents: The terms of this financing would be evidenced by a certified copy of the Bond Ordinance, a Bond Order or Notification of Sale reflecting the terms of the Bonds consistent with this term sheet and the Bond Counsel Opinion addressed to the Bank.

Conditions Precedent: Absence of default, absence of material litigation and absence of material adverse change from the Issuer's financial conditions and operations as reflected in the financial statements of the Issuer as of April 30, 2016.

Additional conditions precedent include delivery of an opinion of bond counsel as to the validity and enforceability of the Bonds and that interest payable on the Bond is exempt from federal income taxation.

The Issuer's current General Obligation rating is Aa2 by Moody's. The Bonds are unrated.

Financial Covenants: There will be no financial covenant requirements.

Reporting Covenants: To the extent that it is not publically available on EMMA or any other electronic website, the Issuer would provide the following items in an electronic format acceptable to the Purchaser:

1. City of Park Ridge, Illinois Comprehensive Annual Financial Report (annually).

Tax Gross-Up: In the event that the Bond subsequently loses its tax exemption as a result of violations of the tax covenants, the Purchaser would require an adjustment to the Interest Rates payable on the Bond to account for such loss of tax exemption. The taxable equivalent rate would be 2.72%.

The Purchaser would not require any adjustment to the Interest Rate for (i) changes to the regulatory environment or required regulatory capital, (ii) changes to the Purchaser's marginal corporate tax rate or (iii) changes due to a decline in the Issuer's public bond rating. Any adjustment to the Interest Rate would solely be related to the loss of tax exemption for violations of the tax covenants.

Sale / Assignment: The Issuer would agree that the Purchaser may without limitation (i) at any time sell, assign, pledge or transfer all or a portion of the Bond, or one or more interests in all or any part of the Purchaser's rights and obligations under the Facility to one or more assignees and/or participants which may include affiliates of the Bank; and (ii) at the Purchaser's option, disclose information and share fees with such assignees and/or participants.

The Purchaser certifies to the City that it (i) is acquiring the Bonds for its own account solely for lending purposes and not with a current view to any distribution of any Bonds or any interest therein or portion thereof or with any present intention of distributing or selling any Bonds or any interest therein or portion thereof; however, the Purchaser reserves the right to assign or sell the Bonds at its own discretion, and (ii) has knowledge and experience in financial and business matters, including the acquisition and holding of tax-exempt and taxable obligations, that it is capable of evaluating the merits and risks of purchasing the Bonds and is able to bear such risks.

Governing Law: All aspects of the Facility being discussed including this Term Sheet and any Bond Documents would be governed by the laws of the State of Illinois.

SECTION IV OTHER BANK REQUIREMENTS

Municipal Advisor Disclosure: The Issuer acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Issuer and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Issuer, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the Issuer on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the Issuer, and (vi) the

Issuer has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Expenses: The Issuer would pay or reimburse the Purchaser for all its out-of-pocket costs and expenses and reasonable attorneys' fees where not prohibited by applicable law and incurred in connection with the development, preparation and execution of the Bond.

Legal Counsel: The Bank would engage Foley & Lardner LLP as the Purchaser's legal counsel. Legal fees are not to exceed $5,000.

Laura Bilas
Foley & Lardner LLP
321 N Clark St. Suite 2800
Chicago, IL 60654
(312) 832-4533
LBilas@foley.com

Information Sharing: The Issuer would agree that the Purchaser may provide any information or knowledge the Purchaser may have about the Issuer or about any matter relating to the Facility described in this Term Sheet to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of the Bond, or participants or assignees of the Bond or the Facility described in this letter.

Confidentiality: Subject to Freedom of Information acts, this Term Sheet is for the Issuer's confidential review and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law or public policy, or where the Purchaser consents to the proposed disclosure.