

In the opinion of Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois (“Co-Transaction Counsel”), under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the Sales Tax Securitization Corporation and the City of Chicago described herein, interest on the Tax-Exempt Series 2023 Bonds (as defined herein) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Co-Transaction Counsel is also of the opinion that interest on the Tax-Exempt Series 2023 Bonds is not treated as a preference item in calculating the individual alternative minimum tax imposed under the Code. Interest on the Taxable Series 2023 Bonds (as defined herein) is not excluded from gross income for federal income tax purposes. Interest on the Series 2023 Bonds (as defined herein) is not exempt from present Illinois income taxes. See “TAX MATTERS” herein regarding certain other tax considerations.



\$740,456,000

SALES TAX SECURITIZATION CORPORATION



\$100,449,000
SALES TAX SECURITIZATION BONDS,
SERIES 2023A
(SOCIAL BONDS)

\$59,422,000
SALES TAX SECURITIZATION BONDS,
TAXABLE SERIES 2023B
(SOCIAL BONDS)

\$74,985,000
SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023C

\$142,145,000
SECOND LIEN SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023A

\$363,455,000
SECOND LIEN SALES TAX SECURITIZATION BONDS,
TAXABLE REFUNDING SERIES 2023B

Dated: Date of Delivery

Due: January 1, As Shown on the Inside Cover

The Sales Tax Securitization Corporation (the “Corporation”) is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the General Not For Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105 *et seq.*), as amended. The Corporation is an instrumentality of, but separate and apart from, the City of Chicago (the “City”).

This Offering Circular contains information relating to the Corporation’s (i) SALES TAX SECURITIZATION BONDS, SERIES 2023A (SOCIAL BONDS) (the “Senior Lien Series 2023A Bonds”), (ii) SALES TAX SECURITIZATION BONDS, TAXABLE SERIES 2023B (SOCIAL BONDS) (the “Senior Lien Series 2023B Bonds”), (iii) SALES TAX SECURITIZATION BONDS, REFUNDING SERIES 2023C (the “Senior Lien Series 2023C Bonds”), (iv) SECOND LIEN SALES TAX SECURITIZATION BONDS, REFUNDING SERIES 2023A (the “Second Lien Series 2023A Bonds”) and (v) SECOND LIEN SALES TAX SECURITIZATION BONDS, TAXABLE REFUNDING SERIES 2023B (the “Second Lien Series 2023B Bonds”) and, together with the Senior Lien Series 2023A Bonds, the Senior Lien Series 2023B Bonds, the Senior Lien Series 2023C Bonds and the Second Lien Series 2023A Bonds, the “Series 2023 Bonds”. The Senior Lien Series 2023A Bonds, the Senior Lien Series 2023C Bonds and the Second Lien Series 2023A Bonds are, collectively, referred to herein as the “Tax-Exempt Series 2023 Bonds,” and the Senior Lien Series 2023B Bonds and the Second Lien Series 2023B Bonds are, collectively, referred to herein as the “Taxable Series 2023 Bonds.”

The Senior Lien Series 2023A Bonds, the Senior Lien Series 2023B Bonds and the Senior Lien Series 2023C Bonds (together, the “Senior Lien Series 2023 Bonds”) are being issued pursuant to the Master Trust Indenture, dated as of December 1, 2017, as heretofore amended and supplemented (the “Master Indenture”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as further supplemented by a Sixth Supplemental Trust Indenture, dated as of February 1, 2023 (the “Sixth Supplemental Indenture”) and, together with the Master Indenture, the “Senior Lien Indenture”), by and between the Corporation and the Trustee. Senior Lien Bonds (as defined herein) outstanding or issued hereafter, including the Senior Lien Series 2023 Bonds, are secured by a first-priority lien or charge on the Trust Estate (as defined herein).

The Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds (together, the “Second Lien Series 2023 Bonds”) are being issued pursuant to the Master Indenture, as heretofore supplemented by the Second Lien Supplemental Trust Indenture, dated as of January 1, 2020 (the “Second Lien Supplemental Indenture”), and a Third Supplement to the Second Lien Supplemental Trust Indenture, dated as of February 1, 2023 (the “Third Supplement to Second Lien Supplemental Indenture”) and, collectively with the Master Indenture and the Second Lien Supplemental Indenture, the “Second Lien Indenture”), each by and between the Corporation and the Trustee. The Second Lien Series 2023 Bonds are being issued as Subordinated Indebtedness (as defined herein), secured by a lien or charge on the Subordinated Indebtedness Fund (as defined herein) that is subject to and subordinate to the first-priority lien on the Trust Estate granted to holders of Senior Lien Bonds outstanding or hereafter issued (including the Senior Lien Series 2023 Bonds), in accordance with the priority set forth in the Second Lien Indenture.

The Senior Lien Series 2023 Bonds are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues (as defined herein) and the other collateral pledged under the Senior Lien Indenture. The Second Lien Series 2023 Bonds are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues and the other collateral pledged under the Second Lien Indenture. The Corporation has purchased the Sales Tax Revenues from the City pursuant to the Sale Agreement (as defined herein). The Corporation has no financial assets available for the payment of Senior Lien Bonds or Subordinated Indebtedness other than the Sales Tax Revenues and other collateral pledged, as applicable, under the Senior Lien Indenture and the Second Lien Indenture. See “SECURITY FOR THE SERIES 2023 BONDS.”

The Series 2023 Bonds will be fully registered bonds issued in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2023 Bonds. Purchasers of the Series 2023 Bonds will not receive certificates representing their interests in the Series 2023 Bonds repurchased. The Senior Lien Series 2023 Bonds will be issued in authorized denominations of \$1,000 or an integral multiple thereof. The Second Lien Series 2023 Bonds will be issued in authorized denominations of \$5,000 or an integral multiple thereof.

Interest on the Series 2023 Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2024. Principal and Redemption Price (as defined herein) of and interest on the Series 2023 Bonds will be paid by the Trustee to DTC, which in turn will remit such principal and Redemption Price and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2023 Bonds. As long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2023 Bonds, payments on the Series 2023 Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See “APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM.”

The Series 2023 Bonds are subject to redemption prior to maturity, as described herein. See “THE SERIES 2023 BONDS – REDEMPTION PRIOR TO MATURITY.”

A portion of the proceeds of the Senior Lien Series 2023A Bonds and the Senior Lien Series 2023B Bonds (together, the “Senior Lien Series 2023AB Bonds”) are expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement and used by the City, together with other available funds of the City, if any, to finance portions of certain Chicago Recovery Plan (as defined herein) projects (as further described herein, the “CRP Projects”). The City expects to finance the following types of CRP Projects with such portion of the proceeds of the Senior Lien Series 2023AB Bonds: (1) fleet decarbonization, (2) a tree canopy equity expansion program, (3) the development of non-congregate housing, (4) the development of permanent supportive housing, (5) the development of mixed-use housing, (6) a vacant lot reduction strategy and (7) community development grants. The remaining proceeds of the Senior Lien Series 2023A Bonds are expected to be used by the Corporation to (i) fund a portion of the capitalized interest on the Senior Lien Series 2023A Bonds through January 1, 2025 and (ii) pay the costs of issuance of the Senior Lien Series 2023A Bonds. The remaining proceeds of the Senior Lien Series 2023B Bonds are expected to be used by the Corporation to (i) fund capitalized interest on the Senior Lien Series 2023B Bonds through January 1, 2025, (ii) fund a portion of the capitalized interest on the Senior Lien Series 2023A Bonds through January 1, 2025 and (iii) pay the costs of issuance of the Senior Lien Series 2023B Bonds. See “PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS,” “CHICAGO RECOVERY PLAN PROJECTS” and “APPENDIX E – CHICAGO RECOVERY PLAN PROPOSED PROJECTS BY FUNDING SOURCE.”

A portion of the proceeds of the Senior Lien Series 2023C Bonds are expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement and used by the City, together with other available funds of the City, if any, to refund certain outstanding general obligation bonds of the City. A portion of the proceeds of the Senior Lien Series 2023C Bonds and the Second Lien Series 2023 Bonds are expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement and used by the City, together with other available funds of the City, if any, to repurchase by means of a tender offer certain outstanding general obligation bonds of the City. The remaining proceeds of the Senior Lien Series 2023C Bonds are expected to be used by the Corporation to pay the costs of issuance of the Senior Lien Series 2023C Bonds. The remaining proceeds of the Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds are expected to be used by the Corporation to pay the costs of issuance of the Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds, respectively. See “PLAN OF FINANCE – FINANCING PLAN” and “APPENDIX F – SUMMARY OF THE REFINANCED OBLIGATIONS.”

The Senior Lien Series 2023AB Bonds have been designated as “Social Bonds” by Kestrel Verifiers, a division of Kestrel, 360, Inc. (“Kestrel Verifiers”). Kestrel Verifiers has provided an independent external review and opinion that the Senior Lien Series 2023AB Bonds conform with the four core components of the International Capital Market Association’s Social Bond Principles and therefore qualify for the “Social Bonds” designation. See “DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS” and “APPENDIX D – KESTREL VERIFIERS’ SOCIAL BONDS SECOND PARTY OPINION” herein.

See the inside cover page for maturity dates, principal amounts, interest rates, yields, prices and CUSIP numbers.

The Series 2023 Bonds do not represent or constitute a debt of the City or of the State of Illinois (the “State”) within the meaning of any constitutional or statutory limitation or a pledge of the full faith and credit of the City or the State or grant to the holders thereof any right to have the City or the Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of, or interest on, the Series 2023 Bonds. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the State or the City, and neither the credit, the revenues nor the taxing power of the City or the State is, or shall be deemed to be, pledged to the payment of any of the Series 2023 Bonds. The Corporation has no taxing power.

The Series 2023 Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters (as defined herein), subject to the approval of legality by Co-Transaction Counsel. Certain legal matters with respect to the Corporation will be passed upon by (i) Co-Transaction Counsel, (ii) Mayer Brown LLP, Chicago, Illinois, as counsel to the Corporation, and (iii) in connection with the preparation of this Offering Circular, Golden Holley James LLP, Chicago, Illinois, and the Hardwick Law Firm, LLC, Chicago, Illinois, as Co-Disclosure Counsel to the Corporation. Certain legal matters with respect to the City will be passed upon by (i) its Corporation Counsel and (ii) Chapman and Cutler LLP, Chicago, Illinois, as Special Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois, and Neal & Leroy, LLC, Chicago, Illinois, Co-Underwriters’ Counsel. It is expected that the Series 2023 Bonds will be available for delivery in book-entry form only through the facilities of DTC on or about February 2, 2023.

UBS

RBC CAPITAL MARKETS

SIEBERT WILLIAMS
SHANK & CO., LLC

CABRERA CAPITAL MARKETS LLC

BACKSTROM MCCARLEY BERRY

BLAYLOCK VAN, LLC

DREXEL HAMILTON

HARVESTONS SECURITIES, INC.

MESIROW FINANCIAL, INC.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND INITIAL CUSIP NUMBERS**

**\$100,449,000
SALES TAX SECURITIZATION CORPORATION
SALES TAX SECURITIZATION BONDS,
SERIES 2023A
(SOCIAL BONDS)**

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2026	\$ 3,000,000	3.000%	2.560%	101.226%	79467B EN1
2027	7,729,000	3.000	2.590	101.515	79467B EP6
2028	5,451,000	5.000	2.600	111.001	79467B EQ4
2029	8,254,000	4.000	2.700	107.059	79467B ER2
2030	60,000	3.000	2.780	101.373	79467B ES0
2030	4,218,000	5.000	2.780	113.874	79467B ET8
2031	3,813,000	5.000	2.810	113.672 ^C	79467B EU5
2032	4,249,000	5.000	2.870	113.269 ^C	79467B EV3
2033	250,000	3.000	2.980	100.122 ^C	79467B EX9
2033	4,319,000	5.000	2.950	112.734 ^C	79467B EW1
2034	125,000	3.000	3.120	98.895	79467B EY7
2034	5,041,000	5.000	3.080	111.871 ^C	79467B EZ4

\$24,990,000 4.000% Senior Lien Series 2023A Term Bond due January 1, 2042
Yield 4.070% Price 99.079% CUSIP No.† 79467B FA8

\$28,950,000 5.000% Senior Lien Series 2023A Term Bond due January 1, 2044
Yield 3.860% Price 106.856%^C CUSIP No.† 79467B FB6

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of the issuance of the Senior Lien Series 2023A Bonds, and neither the Corporation nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The initial CUSIP number for a specific maturity, interest rate and call date is subject to change after the issuance of the Senior Lien Series 2023A Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Senior Lien Series 2023A Bonds.

^C Priced to first optional redemption date of January 1, 2030.

\$59,422,000
SALES TAX SECURITIZATION CORPORATION
SALES TAX SECURITIZATION BONDS,
TAXABLE SERIES 2023B
(SOCIAL BONDS)

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2026	\$ 1,000,000	4.408%	4.408%	100.000%	79467B FJ9
2027	2,590,000	4.431	4.431	100.000	79467B FK6
2028	1,828,000	4.511	4.511	100.000	79467B FL4
2029	2,763,000	4.586	4.586	100.000	79467B FM2
2030	1,466,000	4.636	4.636	100.000	79467B FN0
2031	2,947,000	4.747	4.747	100.000	79467B FP5
2032	3,093,000	4.767	4.767	100.000	79467B FQ3
2033	3,191,000	4.847	4.847	100.000	79467B FR1
2034	3,391,000	4.997	4.997	100.000	79467B FS9

\$37,153,000 5.293% Senior Lien Taxable Series 2023B Term Bond due January 1, 2041
Yield 5.293% Price 100.000% CUSIP No.† 79467B FT7

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\$74,985,000
SALES TAX SECURITIZATION CORPORATION
SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023C

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2031	\$ 5,000,000	5.000%	2.840%	113.470% ^C	79467B GD1
2032	5,000,000	5.000	2.910	113.001 ^C	79467B GE9
2033	5,000,000	5.000	2.980	112.534 ^C	79467B GF6
2034	5,000,000	5.000	3.130	111.542 ^C	79467B GG4
2035	7,605,000	5.000	3.270	110.625 ^C	79467B GH2
2036	8,355,000	5.000	3.450	109.459 ^C	79467B GJ8
2037	15,015,000	5.000	3.540	108.881 ^C	79467B GK5
2038	15,760,000	5.000	3.610	108.434 ^C	79467B GL3
2039	8,250,000	5.000	3.650	108.180 ^C	79467B GM1

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^C Priced to first optional redemption date of January 1, 2030.

\$142,145,000
SALES TAX SECURITIZATION CORPORATION
SECOND LIEN SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023A

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2024	\$ 5,000,000	4.000%	2.660%	101.200%	79467B FC4
2024	38,690,000	5.000	2.660	102.096	79467B FD2
2028	10,000,000	5.000	2.680	110.612	79467B FE0
2033	37,965,000	5.000	3.040	116.665	79467B FF7
2034	49,340,000	5.000	3.170	115.461 ^C	79467B FG5
2037	1,150,000	5.000	3.600	111.583 ^C	79467B FH3

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^C Priced to first optional redemption date of January 1, 2033.

\$363,455,000
SALES TAX SECURITIZATION CORPORATION
SECOND LIEN SALES TAX SECURITIZATION BONDS,
TAXABLE REFUNDING SERIES 2023B

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2025	\$ 27,425,000	4.564%	4.564%	100.000%	79467B FU4
2026	44,915,000	4.558	4.558	100.000	79467B FV2
2027	15,470,000	4.581	4.581	100.000	79467B FW0
2028	59,935,000	4.631	4.631	100.000	79467B FX8
2029	11,155,000	4.686	4.686	100.000	79467B FY6
2030	74,570,000	4.736	4.736	100.000	79467B FZ3
2031	80,935,000	4.847	4.847	100.000	79467B GA7
2032	38,080,000	4.867	4.867	100.000	79467B GB5
2033	10,970,000	4.947	4.947	100.000	79467B GC3

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PROFESSIONALS INVOLVED IN THE OFFERING

SALES TAX SECURITIZATION CORPORATION

DIRECTORS

Jennie Huang Bennett, Chair, *Chief Financial Officer of the City*
Susie Park, Director, *Budget Director of the City*
Reshma Soni, Director, *Comptroller of the City*
Scott Waguespack, Director, *Chair of the Committee on Finance of the City Council*
Pat Dowell, Director, *Chair of the Committee on Budget and Government Operations of the City Council*

OFFICERS

Jennie Huang Bennett, President, *Chief Financial Officer of the City*
Jack Brofman, Secretary-Treasurer, *Deputy Comptroller of the City*

CITY OF CHICAGO

CORPORATION COUNSEL

Celia Meza, Esq.

PROFESSIONAL SERVICES

CO-TRANSACTION COUNSEL

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COUNSEL TO THE CORPORATION

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CO-DISCLOSURE COUNSEL TO THE CORPORATION

Golden Holley James LLP, *Chicago, Illinois*
Hardwick Law Firm, LLC, *Chicago, Illinois*

SPECIAL COUNSEL TO THE CITY

Chapman and Cutler LLP, *Chicago, Illinois*

CO-UNDERWRITERS' COUNSEL

McGuireWoods LLP, *Chicago, Illinois*
Neal & Leroy, LLC, *Chicago, Illinois*

FINANCIAL ADVISORS

Public Alternative Advisors LLC
Phoenix Capital Partners, LLP
PFM Financial Advisors LLC

SOCIAL BONDS DESIGNATION EXTERNAL REVIEWER

Kestrel Verifiers, *Hood River, Oregon*

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REGARDING THIS OFFERING CIRCULAR

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, OR OTHERWISE AFFECT THE PRICE OF THE SERIES 2023 BONDS, INCLUDING OVERALLOTMENT AND STABILIZING TRANSACTIONS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2023 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2023 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2023 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2023 BONDS INTO INVESTMENT ACCOUNTS.

No dealer, broker, salesperson or other person is authorized in connection with any offering made hereby to give any information or make any representation other than as contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Corporation, the City or the Underwriters. This Offering Circular does not constitute an offer to sell, or a solicitation of an offer to buy, the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither this Offering Circular nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2023 Bonds.

This Offering Circular has been prepared by the Corporation and contains information, including but not limited to certain information contained or incorporated by reference in this Offering Circular relating to the Chicago Recovery Plan and the CRP Projects, furnished by the Corporation, the City and other sources, all of which are believed by the Corporation to be reliable. The Corporation takes no responsibility for the accuracy and completeness of such information; however, nothing has come to the attention of the Corporation which would lead the Corporation to believe that such information is not true and correct in all material respects.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the City since the date hereof or that the information contained herein is correct as of any date subsequent to the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party. Prospective purchasers of the Series 2023 Bonds are expected to conduct their own review and analysis before making an investment decision. *See* “**CONTINUING DISCLOSURE.**”

This Offering Circular, including the appendices, contains certain opinions, estimates and forward-looking statements and information, including projections, that are based on the Corporation’s beliefs as well as assumptions made by and information currently available to the Corporation. Such opinions, estimates, projections and forward-looking statements set forth in this Offering Circular were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Corporation, were prepared on a reasonable basis, reflect the best currently available estimates and judgments and present, to the best of the Corporation’s knowledge and belief, the expected course of action and the expected future financial performance of the Corporation. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and the readers of this Offering Circular are cautioned not to place undue reliance on such opinions, statements or prospective financial information.

The prospective financial information set forth in this Offering Circular, except for certain information sourced to parties other than the Corporation, is the sole product of the Corporation. The Corporation's independent auditors have not compiled, examined or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The Corporation's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Offering Circular, disclaim any association with such prospective financial information and have not, nor have any other independent auditors, expressed any opinion or any other form of assurance on such information or its achievability. *See* **“SALES TAX REVENUES – PROJECTED SALES TAX REVENUES”** and **“INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.”**

Furthermore, any historical information described in this Offering Circular, including information concerning collections of taxes described under **“SALES TAX REVENUES,”** should be considered in light of the possible or probable negative impact from the COVID-19 pandemic. *See* **“COVID-19 PANDEMIC.”**

References in this Offering Circular to the City 2017 Ordinance, the STSC 2017 Resolution, the City 2020/2021 Ordinance, the STSC 2020 Resolution, the STSC 2022 Resolution, the STSC 2023 Resolution, the Senior Lien Indenture, the Second Lien Indenture, the Sale Agreement, the Continuing Disclosure Undertaking, the Voluntary Reporting Agreement and the Series 2023 Bonds, and all references to other materials not purporting to be quoted in full, do not purport to be complete or definitive and are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of such documents may be obtained from the office of the Secretary-Treasurer of the Corporation.

If and when included in this Offering Circular, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes,” “structured,” “targets” and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation and the City. These forward-looking statements speak only as of the date of this Offering Circular. The Corporation, the City and the Underwriters disclaim any obligation or undertaking to release any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. *See* **“COVID-19 PANDEMIC,” “SALES TAX REVENUES – PROJECTED SALES TAX REVENUES”** and **“– SALES TAX FORECAST”** and **“INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.”**

Any statements in this Offering Circular involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

The order and placement of material in this Offering Circular, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all materials in this Offering Circular, including its appendices, must be considered in their entirety.

THE SERIES 2023 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER THE CITY 2017 ORDINANCE, THE STSC 2017 RESOLUTION, THE CITY 2020/2021 ORDINANCE, THE STSC 2020 RESOLUTION, THE STSC 2022 RESOLUTION, THE

STSC 2023 RESOLUTION, THE SENIOR LIEN INDENTURE NOR THE SECOND LIEN INDENTURE HAS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

THE SERIES 2023 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Offering Circular: The Underwriters have reviewed the information in this Offering Circular in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFERING CIRCULAR

\$740,456,000

SALES TAX SECURITIZATION CORPORATION

\$100,449,000

**SALES TAX SECURITIZATION BONDS,
SERIES 2023A
(SOCIAL BONDS)**

\$59,422,000

**SALES TAX SECURITIZATION BONDS,
TAXABLE SERIES 2023B
(SOCIAL BONDS)**

\$74,985,000

**SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023C**

\$142,145,000

SECOND LIEN

**SALES TAX SECURITIZATION BONDS,
REFUNDING SERIES 2023A**

\$363,455,000

SECOND LIEN

**SALES TAX SECURITIZATION BONDS,
TAXABLE REFUNDING SERIES 2023B**

INTRODUCTORY STATEMENT

This Offering Circular sets forth information concerning the issuance by the Sales Tax Securitization Corporation (the “**Corporation**”) of its (i) SALES TAX SECURITIZATION BONDS, SERIES 2023A (SOCIAL BONDS) (the “**Senior Lien Series 2023A Bonds**”), (ii) SALES TAX SECURITIZATION BONDS, TAXABLE SERIES 2023B (SOCIAL BONDS) (the “**Senior Lien Series 2023B Bonds**”), (iii) SALES TAX SECURITIZATION BONDS, REFUNDING SERIES 2023C (the “**Senior Lien Series 2023C Bonds**”), (iii) SECOND LIEN SALES TAX SECURITIZATION BONDS, REFUNDING SERIES 2023A (the “**Second Lien Series 2023A Bonds**”) and (iv) SECOND LIEN SALES TAX SECURITIZATION BONDS, TAXABLE REFUNDING SERIES 2023B (the “**Second Lien Series 2023B Bonds**” and, together with the Senior Lien Series 2023A Bonds, the Senior Lien Series 2023B Bonds, the Senior Lien Series 2023C Bonds and the Second Lien Series 2023A Bonds, individually, a “**Series**,” and, collectively, the “**Series 2023 Bonds**”). The Senior Lien Series 2023A Bonds, the Senior Lien Series 2023C Bonds and the Second Lien Series 2023A Bonds are, collectively, referred to herein as the “**Tax-Exempt Series 2023 Bonds**,” and the Senior Lien Series 2023B Bonds and the Second Lien Series 2023B Bonds are, collectively, referred to herein as the “**Taxable Series 2023 Bonds**.”

The Corporation is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the provisions of the General Not For Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105 *et seq.*), as amended (the “**Corporation Act**”). See “**THE CORPORATION**.” The incorporation of the Corporation was authorized by an ordinance of the City of Chicago (the “**City**” or “**Chicago**”) passed by the City Council of the City (the “**City Council**”) on October 11, 2017 (the “**City 2017 Ordinance**”). The Corporation is an instrumentality of, but separate and apart from, the City.

The City 2017 Ordinance also authorized the Corporation to issue Secured Obligations (as defined herein). The Senior Lien Series 2023A Bonds, the Senior Lien Series 2023B Bonds and the Senior Lien Series 2023C Bonds (collectively, the “**Senior Lien Series 2023 Bonds**”) will be issued by the Corporation pursuant to (i) the City 2017 Ordinance; (ii) a resolution duly adopted by the Corporation’s Board of Directors on November 2, 2017 (the “**STSC 2017 Resolution**”), authorizing the Corporation to issue its

Senior Lien Bonds (the “**Authorized 2017 Senior Lien Bonds**”); and (iii) the Master Trust Indenture, dated as of December 1, 2017 (as heretofore amended and supplemented, the “**Master Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), as further supplemented by a Sixth Supplemental Trust Indenture, dated as of February 1, 2023 (the “**Sixth Supplemental Indenture**” and, together with the Master Indenture, the “**Senior Lien Indenture**”), by and between the Corporation and the Trustee.

The Senior Lien Series 2023C Bonds will also be issued by the Corporation pursuant to a resolution duly adopted by the Corporation’s Board of Directors on January 11, 2023 (the “**STSC 2023 Resolution**”), authorizing the Corporation to issue additional Senior Lien Bonds (the “**Authorized 2023 Senior Lien Bonds**” and, collectively with the Authorized 2017 Senior Lien Bonds, the “**Authorized Senior Lien Bonds**”) and authorizing the Corporation to approve a tender offer transaction in connection with the Senior Lien Series 2023C Bonds.

The Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds (collectively, the “**Second Lien Series 2023 Bonds**”) will be issued by the Corporation pursuant to (i) an ordinance duly adopted by the City Council on November 24, 2020, as amended by an ordinance duly adopted by the City Council on October 27, 2021 (as amended, the “**City 2020/2021 Ordinance**”); (ii) a resolution duly adopted by the Corporation’s Board of Directors on December 17, 2020 (the “**STSC 2020 Resolution**”), authorizing the Corporation to issue its Second Lien Bonds (the “**Authorized Second Lien Bonds**”); (iii) a resolution duly adopted by the Corporation’s Board of Directors on November 18, 2022 (the “**STSC 2022 Resolution**”), authorizing the Corporation to approve a tender offer transaction; and (iv) the Master Indenture, as supplemented by the Second Lien Supplemental Trust Indenture, dated as of January 1, 2020 (the “**Second Lien Supplemental Indenture**”), and a Third Supplement to the Second Lien Supplemental Trust Indenture, dated as of February 1, 2023 (the “**Third Supplement to Second Lien Supplemental Indenture**” and, together with the Master Indenture and the Second Lien Supplemental Indenture, the “**Second Lien Indenture**”).

For information regarding the use of proceeds of the Series 2023 Bonds, *see* “**PLAN OF FINANCE.**”

The Senior Lien Series 2023 Bonds are limited obligations of the Corporation payable solely from the Sales Tax Revenues (as defined herein) and other collateral pledged under the Senior Lien Indenture. The Second Lien Series 2023 Bonds are limited obligations of the Corporation payable solely from the Sales Tax Revenues and other collateral pledged under the Second Lien Indenture. The Corporation has purchased all of the City’s right, title and interest in and to the Sales Tax Revenues from the City pursuant to the Sale Agreement (as defined herein). *See* “**THE SALE AGREEMENT.**” The “**Sales Tax Revenues**” consist of (i) all amounts payable upon the order of the Comptroller of the State of Illinois (the “**State**”) to or upon the order of the City or the Corporation as transferee resulting from the collection of three separate taxes (collectively, the “**Home Rule Sales Taxes**”) imposed by the City pursuant to its home rule powers and authority granted by State statute and collected by the State of Illinois Department of Revenue (the “**Home Rule Sales Tax Revenues**”) and (ii) all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of four separate taxes (collectively, the “**State Sales Taxes**”) imposed by the State and collected by the State of Illinois Department of Revenue (the “**Local Share Sales Tax Revenues**”). *See* “**SALES TAX REVENUES.**” The Sales Tax Revenues do not include amounts received from certain other sales taxes imposed by the City and collected by the City. Such sales taxes that are collected by the City are not part of the Sales Tax Revenues, are not assigned to the Corporation pursuant to the Sale Agreement and are not subject to the lien of the Senior Lien Indenture or the Second Lien Indenture. *See* “**CITY-COLLECTED SALES TAXES NOT PLEDGED TO SECURED OBLIGATIONS.**” Sales Tax Revenues once deposited to the Residual Fund established pursuant to the provisions of the Master Indenture and any other funds that are

deposited to the Residual Fund become Residual Revenues. Residual Revenues are paid to or on the order of the holder of the Residual Certificate (as defined herein) (initially and currently the City) free and clear of the liens of the Senior Lien Indenture and the Second Lien Indenture, and holders of Secured Obligations have no claim on the Residual Revenues. *See* **“SECURITY FOR THE SERIES 2023 BONDS – FLOW OF FUNDS”** and **“– RESIDUAL REVENUES NOT PLEDGED TO THE SECURED OBLIGATIONS”** and **“THE RESIDUAL CERTIFICATE.”**

The Corporation is entitled to issue additional indebtedness pursuant to the Master Indenture, including bonds issued on a parity with the Senior Lien Series 2023 Bonds (**“Senior Lien Bonds”**) and indebtedness subordinate to Senior Lien Bonds (**“Subordinated Indebtedness”**). Pursuant to the Master Indenture as supplemented by the Second Lien Supplemental Indenture, Subordinated Indebtedness includes bonds issued on a parity with the Second Lien Series 2023 Bonds (**“Second Lien Bonds”**). Senior Lien Bonds and Subordinated Indebtedness are defined collectively pursuant to the Senior Lien Indenture and the Second Lien Indenture as **“Secured Obligations.”** *See* **“SECURITY FOR THE SERIES 2023 BONDS – SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.”**

The Senior Lien Series 2023 Bonds, together with any other Senior Lien Bonds outstanding or hereafter issued by the Corporation pursuant to the Master Indenture, are secured by a first-priority lien or charge on the Trust Estate (as defined herein). The Senior Lien Series 2023 Bonds will be secured on a parity basis with other Senior Lien Bonds issued by the Corporation.

In accordance with the priority set forth in the Second Lien Indenture, the Second Lien Series 2023 Bonds, together with any other Second Lien Bonds outstanding or hereafter issued by the Corporation pursuant to the Second Lien Indenture, will be secured by a lien or charge on the Trust Estate that is subject to and subordinate to the first-priority lien on the Trust Estate securing the Senior Lien Series 2023 Bonds and any other Senior Lien Bonds outstanding or hereafter issued by the Corporation. The Second Lien Series 2023 Bonds will be secured on a parity basis with other Second Lien Bonds issued by the Corporation. *See* **“SECURITY FOR THE SERIES 2023 BONDS – SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.”**

THE SERIES 2023 BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE CITY OR OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY OR THE STATE OR A GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE CITY OR THE ILLINOIS GENERAL ASSEMBLY LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2023 BONDS. THE CORPORATION DOES NOT HAVE THE POWER TO PLEDGE THE CREDIT, THE REVENUES OR THE TAXING POWER OF THE CITY OR THE STATE, AND NEITHER THE CREDIT, THE REVENUES NOR THE TAXING POWER OF THE CITY OR THE STATE IS, OR SHALL BE DEEMED TO BE, PLEDGED TO THE PAYMENT OF ANY OF THE SERIES 2023 BONDS. THE CORPORATION HAS NO TAXING POWER.

Capitalized terms used and not otherwise defined in this Offering Circular shall have the meanings given such terms in the Senior Lien Indenture or the Second Lien Indenture, as applicable. *See* **“APPENDIX C-1 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE”** and **“APPENDIX C-2 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN INDENTURE.”**

PLAN OF FINANCE

FINANCING PLAN

The proceeds of the Series 2023 Bonds will be used to implement the following plan of finance (as described under this section “– **FINANCING PLAN**” and under “**CITY OF CHICAGO GENERAL OBLIGATION BONDS,**” the “**Financing Plan**”). Additional Authorized Second Lien Bonds may be issued by the Corporation as described under “– **FUTURE FINANCING PLANS.**”

As authorized by the City 2017 Ordinance and the STSC 2017 Resolution, a portion of the proceeds of the Senior Lien Series 2023A Bonds and the Senior Lien Series 2023B Bonds (together, the “**Senior Lien Series 2023AB Bonds**”) are expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement, and such proceeds are expected to be used by the City, together with other available funds of the City, to finance portions of certain Chicago Recovery Plan (as defined herein) projects (as further described herein, the “**CRP Projects**”). The City expects to finance the following types of CRP Projects with such portion of the proceeds of the Senior Lien Series 2023AB Bonds: (1) fleet decarbonization, (2) a tree canopy equity expansion program, (3) the development of non-congregate housing, (4) the development of permanent supportive housing, (5) the development of mixed-use housing, (6) a vacant lot reduction strategy and (7) community development grants. *See* “**CHICAGO RECOVERY PLAN PROJECTS – CRP PROJECTS FUNDED WITH PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS**” and “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS.**”

The remaining proceeds of the Senior Lien Series 2023A Bonds are expected to be used by the Corporation to (i) fund a portion of the capitalized interest on the Senior Lien Series 2023A Bonds through January 1, 2025 and (ii) pay the costs of issuance of the Senior Lien Series 2023A Bonds.

The remaining proceeds of the Senior Lien Series 2023B Bonds are expected to be used by the Corporation to (i) fund capitalized interest on the Senior Lien Series 2023B Bonds through January 1, 2025, (ii) fund a portion of the capitalized interest on the Senior Lien Series 2023A Bonds through January 1, 2025 and (iii) pay the costs of issuance of the Senior Lien Series 2023B Bonds.

As authorized by the City 2017 Ordinance and the STSC 2017 Resolution, a portion of the proceeds of the Senior Lien Series 2023C Bonds is expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement, and such proceeds are expected to be used by the City, together with other available funds of the City, if any, to refund a portion of the City’s outstanding General Obligation Bonds, Taxable Project Series 2009C (Build America Bonds – Direct Payment) (the “**Refunded GO Bonds**”). *See* “**APPENDIX F – SUMMARY OF THE REFINANCED OBLIGATIONS.**”

As authorized by the City 2017 Ordinance, the STSC 2017 Resolution and the STSC 2023 Resolution (with respect to the Senior Lien Series 2023C Bonds) and the City 2020/2021 Ordinance, the STSC 2020 Resolution and the STSC 2022 Resolution (with respect to the Second Lien Series 2023 Bonds), a portion of the proceeds of the Senior Lien Series 2023C Bonds and the Second Lien Series 2023 Bonds is expected to be conveyed by the Corporation to the City pursuant to the Sale Agreement, and such proceeds are expected to be used by the City, together with other available funds of the City, if any, to repurchase by means of a tender offer certain outstanding general obligation bonds of the City (the “**Tendered GO Bonds**” and, together with the Refunded GO Bonds, the “**Refinanced Obligations**”). *See* “**APPENDIX F – SUMMARY OF THE REFINANCED OBLIGATIONS.**”

The remaining proceeds of the Senior Lien Series 2023C Bonds, the Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds are expected to be used by the Corporation to pay the costs

of issuance of the Senior Lien Series 2023C Bonds, the Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds, respectively.

Contemporaneously with the issuance of the Series 2023 Bonds, the repurchase of the Tendered GO Bonds and the refunding of the Refunded GO Bonds, the City expects to use available funds of the City to fund the purchase price of a portion of the outstanding General Obligation Bonds (City Colleges of Chicago Capital Improvement Project), Series 1999 in connection with the tender thereof.

CITY OF CHICAGO GENERAL OBLIGATION BONDS

The information in the following paragraph has been provided by the City.

On January 9, 2023, the City issued its (i) General Obligation Bonds, Series 2023A (Chicago Works) in the aggregate principal amount of \$503,690,000 (the “**City GO Series 2023A Bonds**”) and (ii) General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the “**City GO Series 2023B Bonds**”) and, together with the City GO Series 2023A Bonds, the “**City GO Series 2023 Bonds**”) in the aggregate principal amount of \$20,110,000. A portion of the proceeds of the City GO Series 2023B Bonds will be used, together with proceeds of the Senior Lien Series 2023AB Bonds, to fund portions of the CRP Projects, as part of the Financing Plan.

DEBT LIMITS

Each of the City 2017 Ordinance and the STSC 2017 Resolution sets a debt issuance limit for Senior Lien Bonds issued under the City 2017 Ordinance and the STSC 2017 Resolution at an aggregate principal amount not to exceed \$3 billion (the “**2017 Debt Limit**”) to finance any lawful purpose of the City, including funding capital and infrastructure requirements of the City and refunding any outstanding obligations of the City. The combined aggregate principal amount of the Senior Lien Series 2023 Bonds will count toward the 2017 Debt Limit.

Each of the City 2020/2021 Ordinance and the STSC 2020 Resolution sets a debt issuance limit at an aggregate principal amount not to exceed \$2.35 billion (the “**2020 Debt Limit**”), from any combination of general obligation debt of the City, Senior Lien Bonds or Second Lien Bonds for the purpose of refunding a combination of general obligation bonds of the City and Secured Obligations. The combined aggregate principal amount of the Second Lien Series 2023 Bonds will count toward the 2020 Debt Limit.

The Senior Lien Series 2023C Bonds are Senior Lien Bonds issued for the purpose of refunding general obligation bonds of the City. Accordingly, the Senior Lien Series 2023C Bonds are permitted under both the 2017 Debt Limit and the 2020 Debt Limit. The combined aggregate principal amount of the Series 2023 Bonds will count toward the sum of (A) the 2017 Debt Limit plus (B) the 2020 Debt Limit.

FUTURE FINANCING PLANS

The Corporation expects to issue its Second Lien Sales Tax Securitization Bonds, Refunding Series 2023C (Forward Delivery) (the “**Second Lien Series 2023C Bonds**”) subsequent to the issuance of the Series 2023 Bonds. A portion of the proceeds of the Second Lien Series 2023C Bonds is expected to be used to refund all or a portion of the City’s outstanding General Obligation Bonds, Project and Refunding Series 2014A.

SOURCES AND USES OF FUNDS

The expected application of the proceeds of the Series 2023 Bonds is set forth below.

TABLE 1. SOURCES AND USES OF PROCEEDS OF THE SERIES 2023 BONDS

	Senior Lien Series 2023A Bonds	Senior Lien Series 2023B Bonds	Senior Lien Series 2023C Bonds	Second Lien Series 2023A Bonds	Second Lien Series 2023B Bonds	AGGREGATE SOURCES AND USES OF FUNDS
SOURCES OF FUNDS:						
Proceeds of the Series 2023 Bonds						
Principal Amount	\$100,449,000.00	\$59,422,000.00	\$74,985,000.00	\$142,145,000.00	\$363,455,000.00	\$740,456,000.00
Original Issue Premium	5,909,307.43	--	7,463,211.25	16,020,671.55	--	29,393,190.23
TOTAL SOURCES	<u>\$106,358,307.43</u>	<u>\$59,422,000.00</u>	<u>\$82,448,211.25</u>	<u>\$158,165,671.55</u>	<u>\$363,455,000.00</u>	<u>\$769,849,190.23</u>
USES OF FUNDS:						
Proceeds Conveyed to the City						
Deposit to Project Fund Chicago Recovery Plan Projects	\$101,356,000.00	\$48,644,000.00	--	--	--	\$150,000,000.00
Refunding Deposits						
Purchase of Tendered GO Bonds	--	--	\$36,856,610.62	\$156,662,539.78	\$359,721,021.51	553,240,171.91
Refunding of Refunded GO Bonds	--	--	44,766,721.16	--	--	44,766,721.16
Proceeds Retained by the Corporation						
Deposit to Senior Lien Capitalized Interest Account	4,082,094.93	10,235,077.53	--	--	--	14,317,172.46
Delivery Date Expenses						
Costs of Issuance, including Underwriters' Discount	920,212.50	542,922.47	824,879.47	1,503,131.77	3,733,978.49	7,525,124.70
TOTAL USES	<u>\$106,358,307.43</u>	<u>\$59,422,000.00</u>	<u>\$82,448,211.25</u>	<u>\$158,165,671.55</u>	<u>\$363,455,000.00</u>	<u>\$769,849,190.23</u>

CHICAGO RECOVERY PLAN PROJECTS

This section includes information relating to the Chicago Recovery Plan and the CRP Projects that has been furnished by the City and other sources, all of which are believed by the Corporation to be reliable. The Corporation takes no responsibility for the accuracy and completeness of such information; however, nothing has come to the attention of the Corporation which would lead the Corporation to believe that such information is not true and correct in all material respects. The types of CRP Projects and the amounts of proceeds of the Senior Lien Series 2023AB Bonds expended are subject to change. The City may finance the CRP Projects or other Chicago Recovery Plan projects with proceeds of the Senior Lien Series 2023AB Bonds in its sole discretion.

GENERAL

The City has received \$1.887 billion in federal funds from federal stimulus programs intended to support the City’s recovery from the COVID-19 pandemic for certain expenditures obligated or to be obligated between March 2021 and December 2024 to assist with the City’s recovery from the COVID-19 pandemic (“**COVID Recovery Funds**”). In September 2021, the City announced a plan to invest \$567 million in COVID Recovery Funds and \$660 million in general obligation bond proceeds in various investments across the City to support thriving and safe communities as well as an equitable economic recovery. Further, the City used approximately \$1.3 billion of COVID Recovery Funds to support one-time revenue loss during the economic recovery from the pandemic in fiscal years 2020 through 2023. This aggregate \$2.547 billion spending plan to support the City’s recovery from the COVID-19 pandemic is known as the “**Chicago Recovery Plan.**”

FIGURE 1. SOURCES AND USES OF FUNDS FOR THE CHICAGO RECOVERY PLAN



A detailed summary of the proposed projects, the proposed allocation of Chicago Recovery Plan investments for the proposed projects and the proposed allocation of COVID-19 Recovery Funds and proceeds of the Senior Lien Series 2023AB Bonds among the proposed projects is set forth in “**APPENDIX E – CHICAGO RECOVERY PLAN PROPOSED PROJECTS BY FUNDING SOURCE.**”

The City does not guarantee that the Chicago Recovery Plan will be implemented as described herein or guarantee any results. See “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

TARGETED INITIATIVES

The new initiatives proposed in the Chicago Recovery Plan are divided into two areas of focus: (1) Thriving and Safe Communities and (2) Equitable Economic Recovery.

“**Thriving and Safe Communities**” represents the City’s commitment to address the root causes of community violence by investing in the core social and community supports needed to create safer communities for all Chicagoans to thrive. These initiatives focus on providing the following:

- urgent financial support to families;
- access to summer and after-school programs for youth;
- public health services, including mental health, maternal health and access to healthy food;
- increased access to educational opportunities for low-income youth and families;
- \$85 million in funding for violence prevention strategies, as well as additional supports for victims of violence, an increase from no funding in 2019;
- housing support for those at risk of homelessness; and
- \$400 million in investments which address root causes of violence.

“**Equitable Economic Recovery**” provides targeted economic relief and neighborhood development support to businesses and communities hardest hit by the pandemic and invests in the City’s businesses and commercial communities to drive economic recovery in the following forms of long-lasting investments:

- workforce support;
- place-based development;
- improvements to the City’s infrastructure and ability to deliver services to residents; and
- funding for arts and culture to drive economic growth and build wealth in historically underserved areas. The City’s arts and cultural institutions benefit all City communities and represent a key area of recovery investments.

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TABLE 2. CHICAGO RECOVERY PLAN INVESTMENTS (\$ IN MILLIONS)

	Allocation ⁽¹⁾
TARGETED INITIATIVES	
Thriving & Safe Communities	
Affordable Housing	\$ 157.4
Assistance to Families	157.0
Homelessness Support Services	117.0
City Priorities for Health & Wellness	108.0
Environmental Justice	86.8
Violence Prevention	85.0
Youth Opportunities	65.0
TOTAL THRIVING & SAFE COMMUNITIES	\$ 776.2
Equitable Economic Recovery	
Community Development	\$ 166.0
Community Climate Investments	101.3
Small Business & Workforce Support	87.0
Parks & Infrastructure	60.6
Travel & Industry Support	20.0
Arts & Culture	16.0
TOTAL EQUITABLE ECONOMIC RECOVERY	\$ 450.9
TOTAL TARGETED INITIATIVES	\$ 1,227.1
ESSENTIAL CITY SERVICES	
Q2-Q4 2021 Essential City Services	\$ 782.2
2022 Essential City Services	385.0
2023 Essential City Services	152.4
TOTAL ESSENTIAL CITY SERVICES	\$ 1,319.6
TOTAL CHICAGO RECOVERY PLAN INVESTMENTS	\$ 2,546.7

⁽¹⁾ Due to rounding, some totals may not correspond with the sum of the separate figures.

The City does not guarantee that the Chicago Recovery Plan will be implemented as described herein or guarantee any results. See “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

ANTICIPATED OUTCOMES

The City is tracking the performance and impact of the Chicago Recovery Plan through a dedicated Program Management Office (the “**PMO**”). The establishment of a dedicated PMO allows the City to develop implementation plans with clear outcomes, milestones and performance measures for each initiative by engaging with initiative leaders and a leadership steering committee. The PMO will promote execution within budget and timeframes while supporting required reporting to the U.S. Treasury in connection with the COVID Recovery Funds.

As a part of the development of the Chicago Recovery Plan, the City has estimated potential outcomes and the intended economic and financial benefits for each proposed investment within the Chicago Recovery Plan. The City anticipates that the Chicago Recovery Plan may have both quantifiable and less quantifiable benefits for the City, including population retention, new employment opportunities, revenue enhancement, cost reductions and climate benefits.

The City anticipates the following impacts of the Chicago Recovery Plan:

- **1 million residents** served through the expansion of public safety and health support initiatives, including mental health services;
- **100,000 residents** connected to mental health services, improving long-term health outcomes and addressing one of the key root causes of community violence;
- **3,000 vulnerable and homeless residents** connected with housing and supportive services;
- **45,000 households** having received financial assistance to improve financial stability in the wake of COVID-19;
- **25,000 residents** provided access to additional broadband internet services;
- **5,000 students** having received grants to support enrollment, attendance and engagement in school;
- **4,000 housing units** created and upgraded to provide safe and affordable homes;
- **60,000 small businesses and entrepreneurs** supported;
- **40,000 new jobs** created or supported, with **30,000 jobs** as potential employment opportunities for Chicago youth;
- **75,000 new trees** planted across the City over five years, the largest tree canopy program in the City's history;
- **3,000 vacant lots** prepared for sale and use;
- **2,500 new public art projects and artists** supported; and
- **175 new neighborhood amenities** developed in communities, including grocery stores, commercial spaces, recreation areas and more.

As a part of the economic and financial planning around the Chicago Recovery Plan, the City estimates that the Chicago Recovery Plan could generate \$29.5 million annually of additional tax revenue for the City and \$8.6 million annually in additional property tax revenue for other taxing bodies. In addition, the City estimates that the proposed capital investments alone could generate approximately 7,000 new jobs, which could result in increased potential one-time tax revenues of an estimated \$26.3 million for the City, including income taxes, sales and use taxes, property taxes and other personal taxes. The City expects to track these or similar outcomes through the PMO as initiatives are developed throughout the course of the implementation of the Chicago Recovery Plan.

The City does not guarantee that the Chicago Recovery Plan will be implemented as described herein or guarantee any results. *See* “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

CHICAGO RECOVERY PLAN ALIGNMENT WITH CHICAGO'S ENVIRONMENTAL, SOCIAL AND GOVERNMENTAL INITIATIVES

In addition to making investments to support an equitable economic recovery from the COVID-19 pandemic, the Chicago Recovery Plan was also designed to align closely with the City's other flagship Environmental, Social and Governmental (“**ESG**”) investment initiatives.

Chicago Works

The City’s 2023-2027 Five Year Capital Improvement Program includes the continuation of the Chicago Works program that started in 2021 (“**Chicago Works**”). Chicago Works is a rolling five-year, \$4.5 billion plan anticipated to address a backlog of deferred public infrastructure maintenance and spur local economic development and job creation. In total, the five-year Chicago Works program is expected to address 57 percent of the City’s existing deferred maintenance needs. Chicago Works is intended to modernize infrastructure in order to enhance economic outcomes, public health, climate resiliency and the quality of life for all City residents. Chicago Works will use a needs-based approach to accelerate investments in City infrastructure, including roadways, sidewalks, buildings, waterfronts, public transit, public utilities, bridges and viaducts, street lighting, pedestrian and cyclist right-of-way and municipal facilities, among other investments.

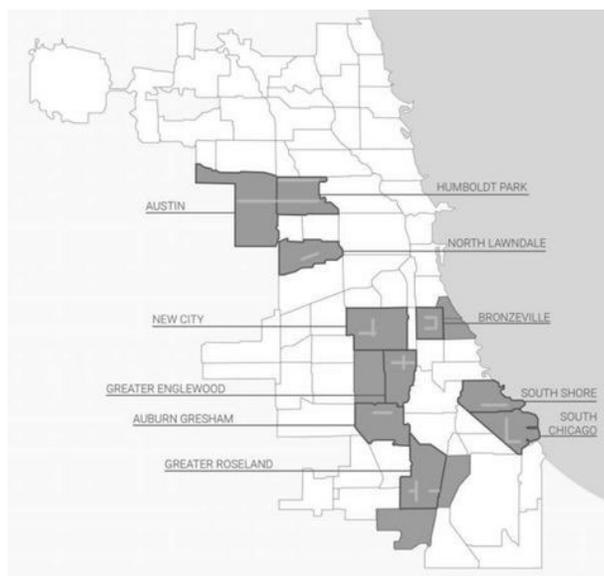
As part of Chicago Works, additional funding was approved for fleet decarbonization and to support community development grants. *See* “TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING.”

The City does not guarantee that Chicago Works will be implemented as described herein or guarantee any results. *See* “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

INVEST South/West

In October 2019, the City announced a new strategy to support revitalization on the City’s South and West sides (“**INVEST South/West**”). INVEST South/West is an equitable community development initiative that targets the resources of multiple City departments, sister agencies, community organizations and corporate partners toward 12 commercial corridors in 10 communities on the South and West sides of the City. The Chicago Recovery Plan has been aligned to amplify INVEST South/West retail activation, commercial development and infrastructure investments. The Chicago Recovery Plan includes a significant increase in community development and affordable housing initiatives.

FIGURE 2. MAP OF COMMUNITIES AND COMMERCIAL CORRIDORS BENEFITING FROM INVEST SOUTH/WEST



The City initially committed \$750 million in public funding to this initiative, which consists of \$250 million in repurposed business development and infrastructure funding through the City’s Department of Planning and Development (“**DPD**”) and \$500 million in planned infrastructure improvements from other City departments and sister agencies, including the Chicago Park District, the Chicago Board of Education and the Chicago Transit Authority. The City anticipates that public funding for INVEST South/West provided by the City will be invested as part of Chicago Works, largely through streetscape improvements. As of November 15, 2022, the initiative has \$2.2 billion of investment commitments, consisting of approximately \$1 billion in public resources and \$1.2 billion in private and philanthropic capital.

The City’s coordinated public investments fall within four community development priorities.

TABLE 3. INVEST SOUTH/WEST PUBLICLY FUNDED
COMMUNITY DEVELOPMENT PRIORITIES (\$ IN MILLIONS)

Investments	Amount Invested to Date
Transportation and Mobility	\$295.0
Parks and Open Spaces	115.0
Housing Investments	335.0
Small Business, Arts and Community Infrastructure	255.0
TOTAL	\$1,000.0

The City has awarded three rounds of Requests for Proposals (the “**INVEST South/West RFPs**”) to develop sites along 10 of the INVEST South/West priority corridors. More than \$400 million is expected to be invested across the 13 proposed projects catalyzed through the INVEST South/West RFP process. Nine projects are currently scheduled to begin construction in 2023. Construction on two of the projects has begun and two more projects were expected to break ground by the end of 2022.

- **Austin United Alliance (Austin):** Construction began in 2022 on the \$39.5 million proposed project that includes 78 residential units, 10,000 square feet of proposed commercial space and a public courtyard. See “– **CHICAGO RECOVERY PLAN COMMUNITY SPOTLIGHT: AUSTIN**” below.
- **Evergreen Imagine (Auburn Gresham):** Construction began in 2022 on the \$43.5 million proposed project that includes 8,500 square feet of commercial space and 58 housing units across two sites.
- **Englewood Connect (Englewood):** A \$13.9 million proposed eco-friendly culinary hub and business incubator was scheduled to break ground by the end of 2022.
- **THRIVE Englewood (Englewood):** A \$35.3 million proposed project with 61 residential units and 2,400 square feet of ground floor retail was scheduled to break ground by the end of 2022.

Each INVEST South/West RFP site is meant to spur additional economic activity and investment in the surrounding area, including an intentional emphasis on developer diversity. This allows minority-led development teams with deep roots on the South and West Sides of the City to lead developments in those very same communities.

All of the CRP Projects intended to be financed by the Senior Lien Series 2023AB Bonds are intended to align with the priorities of INVEST South/West. See “TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING.”

The City does not guarantee that INVEST South/West will be implemented as described herein or guarantee any results. See “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

2022 Chicago Climate Action Plan

The City released its 2022 Chicago Climate Action Plan in April 2022 (the “**Climate Action Plan**”), which is an update of its 2008 climate action plan. One of the key goals of the Climate Action Plan is to reduce the City’s carbon footprint by approximately 62 percent by 2040 using the 2017 Chicago Greenhouse Gas Emissions Inventory of 31 million metric tons of carbon dioxide equivalent as a baseline. The initiatives in the Climate Action Plan are organized into three levels: pillars, strategies and actions. The five pillars support the high-level goals of the Climate Action Plan. The five pillars and their related strategies are set forth below.

TABLE 4. CHICAGO CLIMATE ACTION PLAN PILLARS AND STRATEGIES

Pillars	Strategies
(1) Increase access to utility savings and renewable energy, prioritizing households	(a) retrofit buildings (b) connect communities to renewable energy
(2) Build circular economies to create jobs and reduce waste	(a) reduce waste and landfilling
(3) Deliver a robust zero-emission mobility network that connects communities and improves air quality	(a) make walking, biking or transit viable options for all trips (b) increase transit performance and encourage equitable transit-oriented development (c) enable zero-emission transit and fleets
(4) Drive equitable development of Chicago’s clean-energy future	(a) 100 percent clean renewable energy (b) enable building and personal vehicle electrification (c) align building codes and standards with climate best practices (d) decommission fossil power (e) enable interconnection and storage
(5) Strengthen communities and protect health	(a) collect relevant data (b) enable data-driven decision-making (c) enable community resiliency

In August 2022, the City signed an energy supply agreement with retail electricity supplier Constellation Energy Corporation (“**Constellation**”) for an initial five-year term beginning in January 2023. As part of the agreement with Constellation, beginning in 2025, the City will partially source its large energy uses such as the airports, Harold Washington Library Center and Jardine Water Purification Plant with 100 percent clean, renewable energy from a new solar generation installation currently being developed by Swift Current Energy in downstate Sangamon and Morgan Counties. The City will also procure renewable energy credits from other sources for its remaining power uses, such as small- and medium-sized buildings and streetlights.

The tree canopy equity expansion project and fleet decarbonization project align closely with the priorities of the Climate Action Plan. See “TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING.”

The City does not guarantee that the Climate Action Plan will be implemented as described herein or guarantee any results. See “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

CHICAGO RECOVERY PLAN COMMUNITY SPOTLIGHT: AUSTIN

The Chicago Recovery Plan is a targeted and strategic approach to promoting thriving and safe Chicago communities and an equitable economic recovery. A facet of this strategy includes ensuring that the City leverages up the work already being done by all of the City’s investment programs, including those being implemented by private, philanthropic and governmental funds of other agencies. This deliberate design for a significant component of the Chicago Recovery Plan ensures that the dollars are not spent on stand-alone projects, but that each investment is catalytic and transformative in the aggregate. The City’s intention with this historic funding is to ensure maximal impact.

One lens that this deep investment strategy is viewed through is through place-based investments, and one of the examples of where a deeper place-based strategy is already beginning to take form is the Austin community area, one of 77 defined community areas in the City. In addition to Chicago Recovery Plan investments, as one of 10 INVEST South/West communities, Austin is also an example of the City’s efforts to coordinate Chicago Recovery Plan spending and other public investment on the South and West sides of the City. Added investment from the Chicago Recovery Plan makes the approach all the more potent, as INVEST South/West aims to maximize public investments in order to attract private capital, respond to changing commercial trends and enrich local culture.

In the first year of the Chicago Recovery Plan, the Austin neighborhood experienced the following impacts of the Chicago Recovery Plan and other City investments plans.

Public Safety and Community Engagement

- Austin is one of 15 community areas prioritized by the Community Safety Coordination Center (“CSCC”), which implements hyperlocal initiatives that address the specific needs of the communities most impacted by violence; the CSCC has helped drive a **38 percent reduction in homicides and shootings** in the Austin neighborhood in 2022;
- **Two “Together We Heal” creative-place-making projects** have been announced: “Creative Conversations” and “Austin Safety Action Plan”; and
- The City has also **increased its investment in the Joint Public Safety Training Academy (“JPSTA”)**, which is adjacent to the Chicago Avenue corridor in Austin. The City has made a commitment to modernize and relocate Emergency Medical Services training to the JPSTA, by adding an addition to the main academy building, specifically for paramedic training. In 2023, the City also intends to invest an additional \$15 million to develop a driver training track. This driver training facility will augment the existing JPSTA driver training pad by providing police officers with regular and active driving training which will help prevent or mitigate incidents when police officers are conducting active pursuits. Additionally, the Boys & Girls Club of Chicago has invested in a new \$14 million facility adjacent to the JPSTA, which will create opportunities for frequent engagement between police and the community and provide mentorship and recruitment opportunities. Further, the City has supported the development and opening of two dining establishments at the location, which provides further economic development opportunities in the neighborhood. This is a representative example of the City **using a City facility as an anchor to**

spur additional nonprofit and private development as well as creating engagement opportunities between public safety and community.

Youth-Based Investments

- **273 community members** attended a Summer Kickback Series event;
- **More than 300 youth participated** in Chicago Youth Service Corps and Summer Youth Employment programs in Austin; and
- **Chicago Splash** water feature upgrade was completed at LaFollette Park.

Neighborhood Beautification

- More than **400 trees were planted** in 2022 through “Our Roots Chicago”; and
- **Two public outdoor plazas** have been announced through the “POP!” program: “POPF!t” and “POP Blocks!”

Family Assistance

- **334 households are receiving \$500 per month** for one year through the Chicago Resilient Communities Pilot program, a monthly cash assistance pilot program;
- The Chicago Digital Equity Council engaged Austin community members in a **solution-design workshop to improve access to broadband, devices and digital skill building**; and
- More than **70 community members** in Austin area zip codes **received free bikes** through the Bike Chicago program.

Affordable Housing

- **53 new units of affordable housing** have been planned for the Austin United Alliance Laramie State Bank redevelopment.

Business Development

- **Five** Chicago Recovery Plan-funded **Community Development Grant recipients announced**, in addition to 12 other City-funded community development grants in 2022; and
- **Corridor Ambassadors** welcomed shoppers on Chicago Avenue to encourage retail spending and promote public safety.

This deeper placed-based approach ensures that the City has addressed the range of quality-of-life needs of the neighborhood to maximize the return on the City’s investments as well as the transformation within the neighborhood. Youth-based investments support public safety. Affordable housing creates income capacity for families. Affordable housing and neighborhood beautification both support consumption along the neighborhood business corridors and population retention. Further, many of these developments have been concentrated along the Chicago Avenue corridor, which creates multiples of the anticipated outcomes of stand-alone projects without the layering in of a broader investment strategy.

See “TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING” and “– **CHICAGO RECOVERY PLAN ALIGNMENT WITH CHICAGO’S ENVIRONMENTAL, SOCIAL AND GOVERNMENTAL INITIATIVES – INVEST South/West**” above.

CRP PROJECTS FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS

The Corporation expects that a portion of the proceeds of the Senior Lien Series 2023AB Bonds will be used to finance the CRP Projects. The anticipated types of CRP Projects and the amounts of Senior Lien Series 2023 Bond proceeds and Chicago Works funding expected to be applied to fund the CRP Projects are set forth in “TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED BY THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING” below.

TABLE 5. CRP PROJECTS EXPECTED TO BE FUNDED BY THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND CHICAGO WORKS FUNDING (\$ IN THE MILLIONS)

CRP Project	Senior Lien Series 2023A Bond Proceeds	Senior Lien Series 2023B Bond Proceeds	REMAINING CRP PROJECT	Remaining Supplemental Chicago Works Project Budget
(1) Fleet Decarbonization	\$ 23.6	\$ --	\$ --	\$17.7
(2) Tree Canopy Equity Expansion	17.2	--	28.8	--
(3) Development of Non-Congregate Housing	24.9	--	5.1	--
(4) Development of Permanent Supportive Housing	19.5	--	15.5	--
(5) Development of Mixed-Use Housing	--	36.3	38.8	--
(6) Vacant Lot Reduction	0.1	12.3	69.6	--
(7) Community Development Grants	16.1	--	53.9	40.0
TOTAL BUDGETED AMOUNTS PER SOURCE	\$101.4	\$48.6	\$211.7	\$57.7

A more detailed description of the seven types of CRP Projects, including the voluntary reporting the City expects to undertake with respect to each CRP Project funded by proceeds of the Senior Lien Series 2023AB Bonds, is set forth below.

The City does not guarantee that the CRP Projects will be implemented as described herein or guarantee any particular results of the CRP Projects. The types of CRP Projects and the amounts of proceeds of the Senior Lien Series 2023AB Bonds expended are subject to change. The City may finance the CRP Projects or other Chicago Recovery Plan projects with proceeds of the Senior Lien Series 2023AB Bonds in its sole discretion. See “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

CRP Project #1. Fleet Decarbonization

The City plans to replace its light duty pickup truck and SUV fleet with electric vehicles, along with electric vehicle charging stations, with the goal of having an all-electric vehicle fleet by 2035. The City currently has a fleet of 728 light duty gas vehicles. The Chicago Recovery Plan, along with Chicago Works, will electrify the City’s entire light duty fleet within five years. The City estimates that by replacing its entire light duty fleet it will reduce the City’s greenhouse gas emissions by 4,000 tons and save \$2.5 million in fuel costs annually.

In 2022, the City purchased 106 charging stations and 22 electric vehicles. In 2023, the City intends to purchase 150 electric vehicles and will purchase and install 76 electric vehicle charging stations in addition to installing the 106 stations purchased in 2022. Purchased vehicles and installed charging stations

will primarily be housed at City facilities located in areas with poor air quality and in historically underserved neighborhoods.

The goal of this CRP Project is to reduce emissions and negative environmental impacts, with targeted capital and infrastructure investments in historically underserved communities that are disproportionately impacted by climate change, rampant pollution and environmental hazards.

Proceeds of the Senior Lien Series 2023A Bonds are anticipated to support fleet decarbonization through the second quarter of 2024.

The City expects to voluntarily report on the following outputs with respect to this CRP Project.

- Number of electric vehicles purchased
- Number of electric vehicle charging stations purchased or installed

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes due to EV fleet replacement are expected to address (i) emissions reductions and (ii) fuel cost savings, among other effects. *See “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”*

CRP Project #2. Tree Canopy Equity Expansion

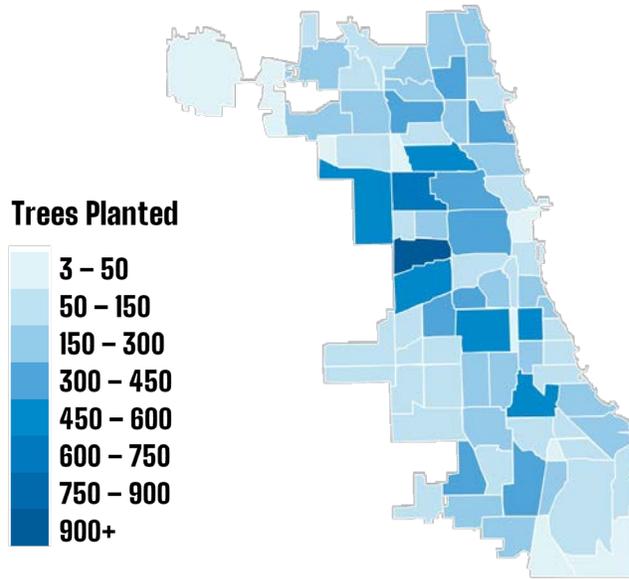
The City expects to plant approximately 75,000 trees across the City over the next five years, an average of 15,000 trees per year. In contrast, the City has planted an average of 6,500 trees per year over the last 10 years. In 2022, the City planted at least 18,000 trees, exceeding its 2022 goal by at least 3,000 trees. The City intends to plant an additional 15,000 trees per year from 2023 to 2026. The tree equity strategy will prioritize the planting of trees in historically marginalized and underserved communities, equitably conveying ecosystem benefits to communities disproportionately impacted by the climate crisis.

The goal of this CRP Project is to reduce the disparity of tree canopy coverage in Chicago through the addition of trees.

Trees provide the following benefits, among others: (i) trees remove carbon dioxide from the air and store carbon, and this “sequestration” of carbon dioxide helps offset the growth in greenhouse gas emissions and improves air quality; (ii) trees have cooling effects in communities, reducing the phenomenon of the urban heat island effect and providing shade to people and buildings, which in turn means less energy is needed for cooling, reducing emissions and reducing energy costs; and (iii) trees also beautify communities. This CRP Project will be administered directly by the City.

Proceeds of the Senior Lien Series 2023A Bonds are anticipated to support tree canopy equity expansion through the second quarter of 2024.

FIGURE 3. TREES PLANTED ON ARTERIAL AND RESIDENTIAL STREETS IN 2022



Map shows tree plantings on arterial & residential streets in 2022

The City expects to voluntarily report on the following outputs with respect to this CRP Project.

- Number of trees planted
- Number of community members engaged through the Tree Ambassador Program
- Number of 311 tree planting requests issued by Tree Ambassadors and community members
- Number of foresters hired and contracts issued to vendors for tree planting

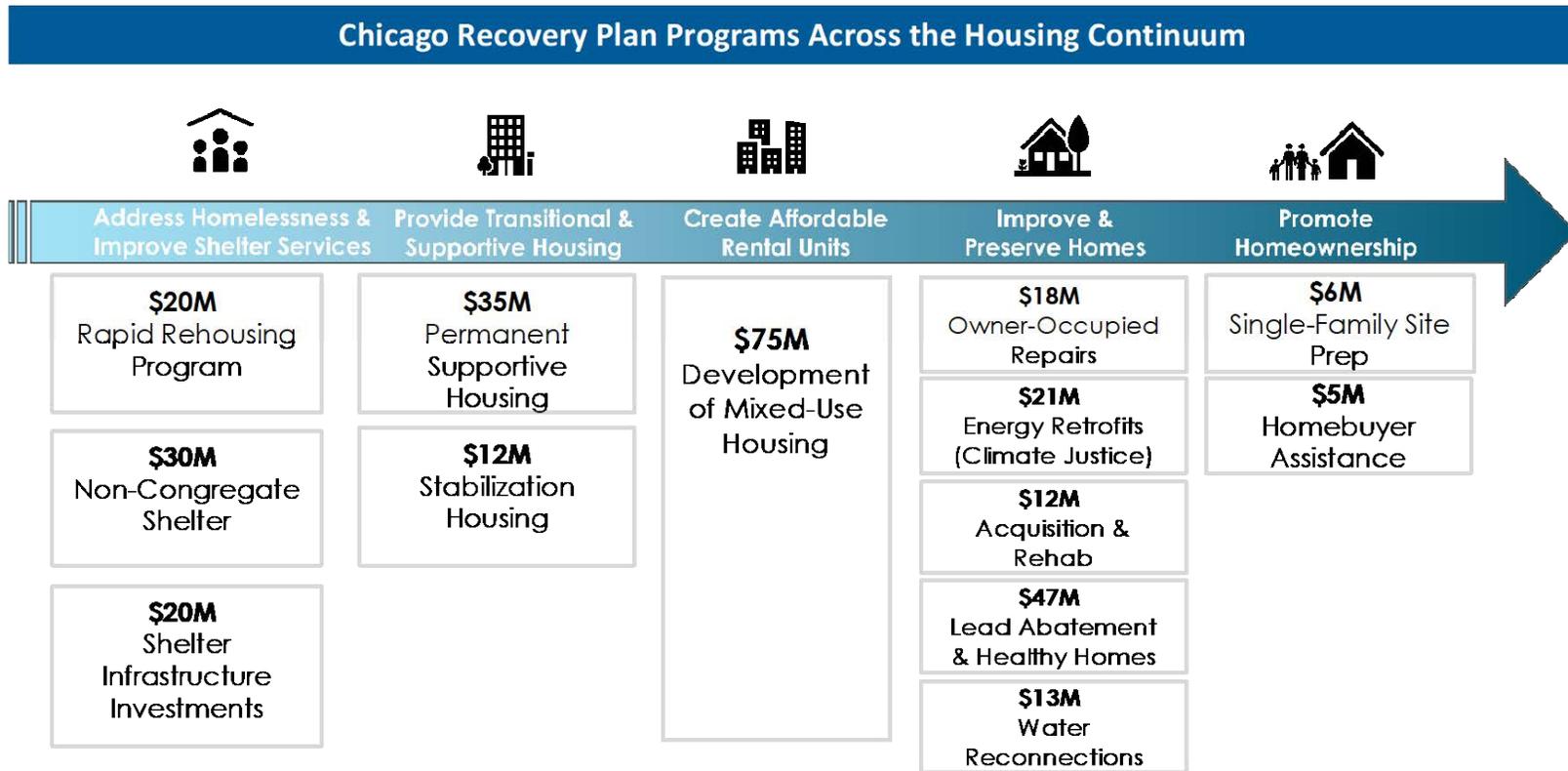
The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes are expected to address (i) air quality improvements and (ii) job creation, among other effects. *See* “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

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CRP Projects Providing Housing and Homelessness Support

Thirteen Chicago Recovery Plan programs, totaling \$314 million, are intended to provide support to City residents across the housing continuum, from supporting persons experiencing homelessness to supporting market-rate housing. Three of these projects — (1) the development of mixed-use housing, (2) the development of permanent supportive housing and (3) the development of non-congregate housing — are intended to be financed by the Senior Lien Series 2023AB Bonds and are described in greater detail below.

FIGURE 4. CHICAGO RECOVERY PLAN PROGRAMS ACROSS THE HOUSING CONTINUUM



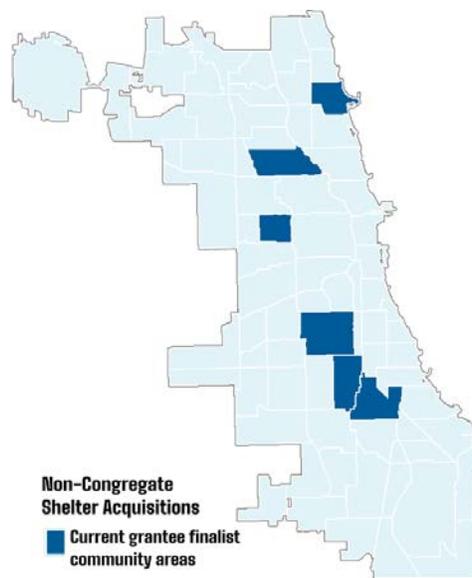
CRP Project #3. Development of Non-Congregate Housing

The City plans to utilize repurposed motels, apartment buildings, single-room-occupancy buildings and/or other properties to provide safe emergency shelter and transitional housing. The goal of this CRP Project is to provide non-congregate shelter space to improve outcomes, keep families together, increase security and dignity and expedite transition into more stable housing for residents using shelter services. While providing services in a congregate setting is often the norm in the shelter system, providing individual, self-contained living spaces for service users improves a wide range of outcomes for health and well-being, including limiting the spread of infectious disease, increased rates of engagement with service providers, increased rates of transitions to permanent housing, reduced interpersonal conflict, reduced 911 calls and improved client feelings of safety and security. This CRP Project is intended to improve the quality of shelter services provided to residents and the long-term health and housing outcomes of those who use these services. Most of the CRP Project funds will be administered directly by the City to nonprofit agencies operating existing shelters. The City expects a majority of this CRP Project's funds to be allocated via a Request for Proposals issued in fall 2022, in which five existing shelters were initially selected as finalists for replacement. The City also expects to use funds from this CRP project to acquire space for the operation of a pilot transitional housing program administered by the Chicago Department of Public Health.

The City intends to acquire three to six buildings for non-congregate housing use by shelter operators in 2023, with a goal of creating or converting between 300 and 360 non-congregate shelter units.

Proceeds of the Senior Lien Series 2023A Bonds are anticipated to support the development of permanent supportive housing through the second quarter of 2024.

FIGURE 5. NON-CONGREGATE HOUSING SHELTER ACQUISITION LOCATIONS BY COMMUNITY AREA (AS OF NOVEMBER 30, 2022)



The City expects to voluntarily report on the following outputs with respect to the development of non-congregate housing.

- Number of shared living accommodation rooms converted into self-contained living spaces
- Number and type of support services provided to residents
- Investment dollars leveraged by source (*e.g.*, federal, state, local, private for-profit or private not-for-profit)

- Total development cost by the CRP Project, including:
 - new construction
 - rehabilitation or renovation

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes are expected to address (i) reduction in shelter service users supported in a congregate setting, (ii) changes in the short- and long-term shelter population, (iii) improvements in the health of people experiencing homelessness served by this CRP Project and (iv) increases in the transition from shelters to housing, among other effects. *See* “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

CRP Project #4. Development of Permanent Supportive Housing

People with mental illness and other severe disabilities are more likely than others to be incarcerated or to enter long-term health care institutions like nursing homes or psychiatric hospitals or to cycle between institutionalization and homelessness. Many studies show that supportive housing successfully interrupts this cycle; people with histories of incarceration or institutionalization significantly reduce their use of those systems after moving into supportive housing. One of the largest studies to date that documents these reductions, conducted in New York City, found that individuals placed in supportive housing spent, on average, 115 fewer days per person in homeless shelters, 75 fewer days in state-run psychiatric hospitals and almost eight fewer days in prison or in jails, in the two years after entering supportive housing, compared to a similar group without supportive housing. The study also found that reductions in use of institutions such as shelters and healthcare systems offset about 95 percent of the cost of the supportive housing.

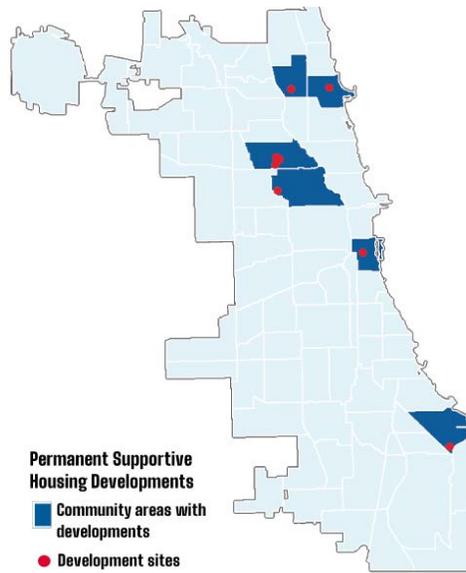
The City plans to develop new units of permanent supportive housing across rehabilitated and newly constructed buildings. The goal of this CRP Project is to support vulnerable populations exiting the shelter system to transition to long-term, stable housing with supportive services. Permanent supportive housing is a key component of the housing continuum to relieve pressure on emergency shelters and provide a steppingstone to other forms of affordable housing that can support resident needs.

Most of this CRP Project’s funds will be administered directly by the City to affordable housing developers engaged in the creation of new housing units for very-low-income residents with a long-term commitment of dedicated supportive services. Most of the applicants enter the Chicago Department of Housing (“**CDOH**”) multifamily development underwriting pipeline through one of two pathways: (a) application to a Low-Income Housing Tax Credit (“**LIHTC**”) Qualified Allocation Plan (“**QAP**”) round or (b) direct application through another route (*e.g.*, the INVEST South/West RFP site application).

The City has currently identified six permanent supportive housing developments that it expects to close on and fund in 2023. These developments, for which the City expects to contribute \$9.7 million of COVID Recovery Funds, are expected to facilitate the creation of 314 new units and support total development costs of nearly \$200 million. In total, the City intends to close on eight developments that consist of either 100 percent permanent supportive housing or include permanent supportive housing unit set-asides by the end of 2023.

Proceeds of the Senior Lien Series 2023A Bonds are anticipated to support the development of permanent supportive housing through the second quarter of 2024.

FIGURE 6. PERMANENT SUPPORTIVE HOUSING DEVELOPMENT SITES (AS OF NOVEMBER 30, 2022)



The City expects to voluntarily report on the following outputs with respect to the development of permanent supportive housing.

- Number of affordable housing units including:
 - unit type (built-form and number of bedrooms)
 - level of affordability
- Number of residents provided with supportive services
- Number of people housed/supported out of homelessness, risk of homelessness or other forms of unstable housing (including all available demographic data)
- Number of new permanent supportive housing sites constructed (total development cost)
- Investment dollars leveraged by source (*e.g.*, federal, state, local, private for-profit or private not-for-profit)
- Total development cost by the CRP Project, including:
 - new construction
 - rehabilitation/renovation
- Number of jobs created, including:
 - temporary jobs during construction (part-time and full-time)
 - ongoing employment created at the property (part-time and full-time)

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes are expected to include (i) reductions in shelter service users, (ii) reductions in the short- and long-term shelter population, (iii) improvements in the health of the homeless served by this CRP Project and (iv) increases in the transition from shelters to housing, among other effects. See **“DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.”**

CRP Project #5. Development of Mixed-Use Housing

The City plans to create multifamily housing developments in neighborhoods hit hardest by COVID-19 through expanded investment. The goals of this CRP Project are to develop mixed-use housing in neighborhoods across the City to ensure a mix of affordable housing choices for low- and moderate-income City residents with incomes generally at 80 percent Area Median Income and below while also supporting the development of catalytic social and commercial spaces in historically disinvested communities. The application of additional Chicago Recovery Plan funds to support the development of mixed-use housing enabled the City to announce the largest LIHTC round in its history in 2021, supporting \$1 billion of new development across 38 community areas (double the value of projects announced in 2019).

Mixed-use housing projects will be funded in four categories to reflect the different market conditions, needs and community priorities in different parts of the City:

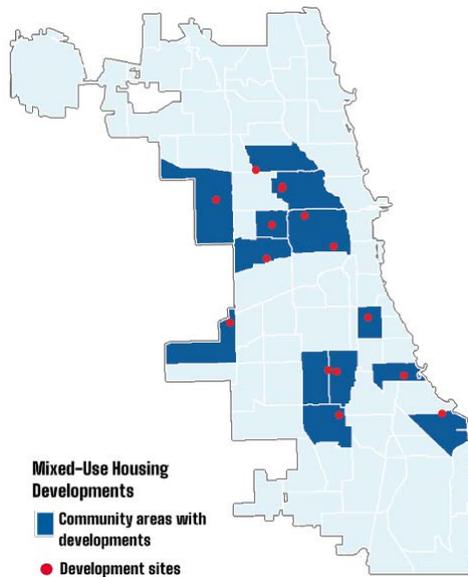
- (1) **Opportunity Areas:** high-cost housing markets, targeted as part of the City's efforts to ensure residents have housing choices in every part of the City
- (2) **Redevelopment Areas:** lower-cost housing markets, in part because of historic disinvestment, and targeted as part of the City's efforts to spur economic development and investment with policies and programs
- (3) **Transitioning Areas:** markets facing new affordability pressures, part of the City's efforts to ensure existing residents have housing choices in communities experiencing growth and new development
- (4) **Preservation Areas:** locations with existing, long-standing affordable housing funding agreements in place that may benefit from additional resources to remain a sustainable source of affordable housing into the future

Most of the funds with respect to this CRP Project will be administered directly by the City to housing developers engaged in the creation and rehabilitation of mixed-income and affordable housing. Applicants will enter the CDOH multifamily development underwriting pipeline through multiple pathways, including (a) application to a LIHTC QAP round and (b) direct application through another route (*e.g.*, the INVEST South/West RFP site application). Funds under this program are expected to be provided as subordinate loans to developers.

The City has already closed on one mixed-use housing development (Barbara Jean Wright Court Apartments in the Near West Side community area) and has currently identified 14 other mixed-use housing developments that it expects to close on in by the end of 2023. These 15 mixed-use housing developments already identified or closed, for which the City expects to contribute \$66.9 million of COVID Recovery Funds, are expected to facilitate the creation of more than 1,300 new units and support total development costs of more than \$600 million.

Proceeds of the Senior Lien Series 2023B Bonds are anticipated to support the development of mixed-use housing through the third quarter of 2023.

FIGURE 7. MIXED-USE HOUSING DEVELOPMENT SITES (AS OF NOVEMBER 30, 2022)



The City expects to voluntarily report on the following outputs with respect to the development of mixed-use housing.

- Number of affordable housing units including:
 - unit type (built-form and number of bedrooms)
 - level of affordability
- Number of market-rate housing units including:
 - unit type (built-form and number of bedrooms)
 - available market rent/price data
- Non-residential square-footage developed
- Investment dollars leveraged by the CRP Project by source (*e.g.*, federal, state, local, private for-profit, or private not-for-profit)
- Total development cost including:
 - new construction
 - rehabilitation/renovation
- Number of jobs created, including:
 - temporary jobs during construction (part-time and full-time)
 - ongoing employment created at the property (part-time and full-time)

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes are expected to address (i) quality of housing stock in the market area and (ii) reductions in rent-burdened households. *See* “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

CRP Project #6. Vacant Lot Reduction

Research conducted at Columbia University’s Mailman School of Public Health revealed the impact that cleaning vacant land can have on crime reduction. The study randomly selected 541 vacant lots that were assigned to receive restoration or as control sites. Crime data was then reviewed via police reports,

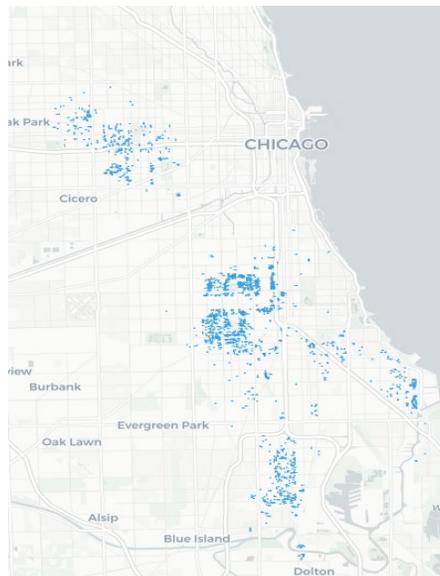
and 445 residents living nearby the lots were interviewed. Findings included a 29 percent reduction in gun violence, a 22 percent decrease in burglaries and a 30 percent reduction in nuisance crimes such as vandalism and noise complaints. Additionally, 58 percent of residents reported reduced safety concerns and more than a 75 percent increased use of outdoor spaces.

The City intends to reactivate its 10,000 City-owned vacant lots and build community wealth by transferring ownership to neighborhood residents and developers for community benefit. The goal of this CRP Project is to put vacant land to productive use through a number of mechanisms, including evaluating environmental conditions, conducting environmental remediation and funding development of land, with the aims of decreasing the number of vacant lots, improving neighborhood conditions and providing positive benefits to residents. The vacant lot reduction program is the largest vacant lot cleanup program in the City's history and one of the largest in the country. The CRP Project funds will be administered directly by the City.

Since 2021, the City has reviewed 10,000 City-owned vacant lots for initial environmental conditions, of which 4,500 were found ready for sale or use. In November 2022, the City began marketing more than 2,000 of these vacant lots for sale under a new land sale program, with a public-facing website to advertise available City-owned properties and to provide buyers with critical financial and environmental information. The new vacant land website provides an interactive map of City-owned vacant land that shows which parcels are available for sale as well as information on lot zoning, square footage and market valuation. In 2023, the City intends to begin detailed environmental review and remediation of the more than 5,000 parcels that were not previously found ready for sale or use.

Proceeds of both the Senior Lien Series 2023A Bonds and the Senior Lien Series 2023B Bonds are anticipated to support vacant lot reduction through the third quarter of 2023.

FIGURE 8. CITY-OWNED VACANT LOTS FOR SALE (AS OF NOVEMBER 30, 2022)



The City expects to voluntarily report on the following outputs with respect to this CRP Project.

- Number of vacant lots marketed for sale
- Number of vacant lots sold
- Amount of time from application to sale closing
- Demographics of vacant lot buyers

- Percentage of inventory assessed
- Number of vacant lots cleared for sale
- Number of vacant lots remediated
- Number of vacant lots assessed
- Number of vacant lots cleaned and fenced

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. The University of Illinois Great Cities Institute will conduct an impact evaluation of the land sales, evaluating the utilization of purchased land, impacts on neighborhood crime, wealth building impacts and fiscal impacts for the City. Reported outcomes are expected to address (i) lot repurposing benefits, (ii) crime reduction and community safety improvements and (iii) improvements in community cohesion and well-being, among other effects. *See* “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

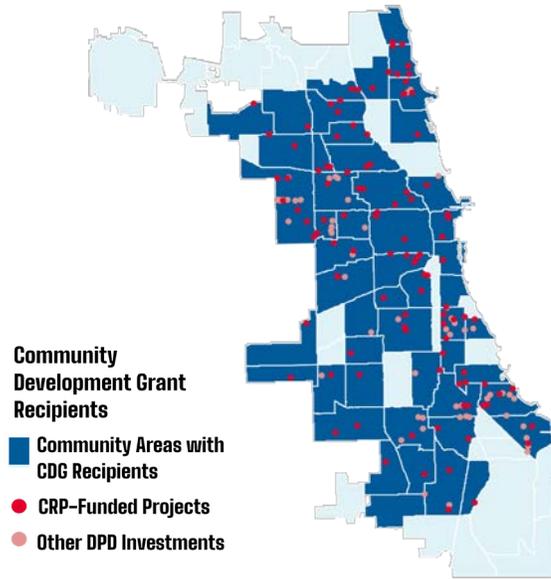
CRP Project #7. Community Development Grants

The City plans to support the rehabilitation of vacant commercial and mixed-use buildings or construction of new facilities in neighborhood corridors for use by business owners and community developers. This rehabilitation can include workplace improvements, new construction, energy-system enhancements and other eligible costs that support neighborhood vitality, economic development, community wealth-building, public health and local planning goals. The goals of this CRP Project are to strengthen local business corridors, enhance neighborhood vitality and support community developers and small businesses. Local commercial, mixed-use and light manufacturing development projects located in Chicago are eligible. Priority will be given to projects in areas of Chicago where there is a history of disinvestment or limited private investment and which overlap existing City priorities.

The City, through DPD, will release applications for financial incentives, which will be made available to community developers, business owners and entrepreneurs and property owners, and will evaluate the applications through a competitive review process.

To date, the City has announced 101 community development grant recipients for a total of \$59 million. Recipients were selected through three separate competitive application rounds in which more than 1,000 applications were received. Community development grant awards announced to date range between \$17,000 and \$5 million and include various types of businesses and organizations, including restaurants, professional services, cultural institutions and workforce development and educational service organizations. DPD expects to conduct another application round in 2023.

FIGURE 9. COMMUNITY DEVELOPMENT GRANT RECIPIENT LOCATIONS (AS OF NOVEMBER 30, 2022)



The City expects to voluntarily report on the following outputs with respect to this CRP Project.

- Number of small businesses served
- Location of grantees
- Dollar amount of grants awarded
- Number of projects completed

The City may also report on socially positive outcomes with respect to this CRP Project, to the extent such information is available. Reported outcomes are expected to address (i) job creation and (ii) building rehabilitation benefits, including property tax values, local consumption and other economic development benefits, among other effects. *See “DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.”*

DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS

Certain information in this section relating to the Social Bond Principles (as defined herein) has been obtained from the ICMA (as defined herein) website; the information in this section relating to Kestrel Verifiers (as defined herein) and Kestrel Verifiers’ Social Bonds Second Party Opinion (as defined herein) has been obtained from Kestrel Verifiers (collectively, the “Social Bond Principles Sourced or Provided Information”).

None of the Corporation, the City, the Underwriters (as defined herein), the Financial Advisors (as defined herein), Co-Transaction Counsel (as defined herein), Co-Disclosure Counsel to the Corporation, Counsel to the Corporation, Special Counsel to the City or Co-Underwriters’ Counsel (i) have independently confirmed or verified the Social Bond Principles Sourced or Provided Information; (ii) have assumed any obligation to ensure that the Senior Lien Series 2023AB Bonds comply with any legal or other standards or principles that may be related to the Social Bonds Designation, including the Social Bond Principles; or (iii) make any representation or warranty or take any responsibility for the accuracy, completeness or reliability of the Social Bond Principles Sourced or Provided Information.

Additionally, certain information contained or incorporated by reference in this section relating to the Chicago Recovery Plan and the CRP Projects has been obtained from the City and other sources. The Corporation takes no responsibility for the accuracy and completeness of such information; however, nothing has come to the attention of the Corporation which would lead the Corporation to believe that such information is not true and correct in all material respects.

GENERAL

The Corporation is issuing the Senior Lien Series 2023AB Bonds as “Social Bonds” (as defined by the Social Bond Principles (SBP) 2021 (with June 2022 Appendix) (the “**Social Bond Principles**”) established by the International Capital Market Association (“**ICMA**”)), based on an independent, external review of the proposed use of proceeds of the Senior Lien Series 2023AB Bonds with the Social Bond Principles. The Corporation has engaged Kestrel Verifiers, a division of Kestrel, 360, Inc. (the “**External Reviewer**”), to conduct an independent, external review of the proposed use of proceeds of the Senior Lien Series 2023AB Bonds and their conformance with the Social Bond Principles. Kestrel Verifiers is expected to deliver an Independent Second Party Opinion on Social Bonds Designation in the form attached hereto as “**APPENDIX D**” (“**Kestrel Verifiers’ Social Bonds Second Party Opinion**”), in which Kestrel Verifiers will determine that the Senior Lien Series 2023AB Bonds are in conformance with the Social Bond Principles and qualify for designation as “Social Bonds” (the “**Social Bonds Designation**”). See “–**INDEPENDENT SECOND PARTY OPINION ON SOCIAL BONDS DESIGNATION AND DISCLAIMER**” below.

The purpose of designating the Senior Lien Series 2023AB Bonds as Social Bonds is to allow investors to invest directly in bonds that finance or refinance socially beneficial programs. The term “Social Bonds” is neither defined in nor related to provisions in the Senior Lien Indenture, the City 2017 Ordinance or the STSC 2017 Resolution. The use of such term herein is for identification purposes only and is not intended to assert or imply that an owner or beneficial owner of the Senior Lien Series 2023AB Bonds is entitled to any additional security beyond that provided therefor in the Senior Lien Indenture. See “**SECURITY FOR THE SERIES 2023 BONDS**” for a description of the security for the Senior Lien Series 2023AB Bonds. The designation of the Senior Lien Series 2023AB Bonds as Social Bonds also does not entitle the owner or beneficial owner of any Senior Lien Series 2023 Bond to any benefit under the Internal Revenue Code of 1986, as amended, and applicable regulations issued thereunder (the “**Code**”).

The Social Bonds Designation is based on information from the sources indicated and assumptions provided by or reviewed with the Corporation and the City as described in Kestrel Verifiers’ Social Bonds Second Party Opinion. Unanticipated events and circumstances may occur which necessitate changes to such information and assumptions. Neither the Corporation nor the City can guarantee that such changes will not affect the Social Bonds Designation in the future.

Pursuant to the Voluntary Reporting Agreement (as defined herein), the City expects to track and report the use of proceeds of the Senior Lien Series 2023AB Bonds and the outcomes relating to the CRP Projects funded by the proceeds of the Senior Lien Series 2023AB Bonds, *provided, however*, that the City has no obligation under the Voluntary Reporting Agreement or otherwise to provide such reporting and may discontinue or alter such reporting at any time. See “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (the “**UN SDGs**”) were adopted by the United Nations General Assembly in 2015 as part of its 2030 Agenda for Sustainable Development, a plan of action for all countries to collaborate and achieve a better and more sustainable future for all. The City

intends that the proceeds of the Senior Lien Series 2023AB Bonds will be used in a manner consistent with the UN SDGs detailed below. The City does not guarantee that such criteria will ultimately be met, however, either in substance or with respect to any particular timelines set forth in the UN SDGs.

TABLE 6. ALIGNMENT OF EXPECTED USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Applicable UN SDGs		Description
Goal 1	No Poverty	End poverty in all its forms everywhere.
Goal 8	Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
Goal 9	Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
Goal 10	Reduced Inequalities	Reduce inequality within and among countries.
Goal 11	Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable.
Goal 15	Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
Goal 17	Partnerships for the Goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

SOCIAL BOND PRINCIPLES

The Social Bond Principles established by the ICMA define “**Social Bonds**” as any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible social projects and which are aligned with the four core components of the Social Bond Principles. The four core components for alignment with the Social Bond Principles are: (1) use of proceeds; (2) process for project evaluation and selection; (3) management of proceeds; and (4) reporting. As of the date of this Offering Circular, additional information about the Social Bond Principles is available on ICMA’s website.

INDEPENDENT SECOND PARTY OPINION ON SOCIAL BONDS DESIGNATION AND DISCLAIMER

Kestrel Verifiers’ Social Bonds Second Party Opinion, anticipated to be delivered in connection with the issuance of the Senior Lien Series 2023AB Bonds, is expected to determine, among other things, that the Senior Lien Series 2023AB Bonds conform with the four core components of the Social Bond Principles and qualify for the Social Bonds Designation. The Social Bonds Designation is included herein, and Kestrel Verifiers’ Social Bonds Second Party Opinion is included as “**APPENDIX D**” attached hereto, in reliance upon the knowledge and experience of Kestrel Verifiers as an independent, external reviewer. For additional information regarding Kestrel Verifiers, see “– **EXTERNAL REVIEWER**” below and “**APPENDIX D – KESTREL VERIFIERS’ SOCIAL BONDS SECOND PARTY OPINION**” attached hereto.

Kestrel Verifiers' Social Bonds Second Party Opinion should be read in its entirety for an understanding of Kestrel Verifiers' assumptions and rationale underlying the Social Bonds Designation. See "APPENDIX D – KESTREL VERIFIERS' SOCIAL BONDS SECOND PARTY OPINION" attached hereto.

EXTERNAL REVIEWER

Kestrel Verifiers has provided the language in this section for inclusion in this Offering Circular.

For more than 20 years, Kestrel Verifiers has been consulting in sustainable finance. Kestrel Verifiers is an Approved Verifier accredited by the Climate Bonds Initiative (CBI) and an Observer for the ICMA Green Bond Principles. Kestrel Verifiers verifies transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, the Sustainability-Linked Bond Principles and the Climate Bonds Initiative Standards and Criteria.

Kestrel Verifiers' Social Bonds Second Party Opinion does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Senior Lien Series 2023AB Bonds. Neither the Social Bonds Designation by Kestrel Verifiers nor Kestrel Verifiers' Social Bonds Second Party Opinion is a recommendation to any person to purchase, hold or sell the Senior Lien Series 2023AB Bonds, and the Social Bonds Designation does not address the market price or suitability of the Senior Lien Series 2023AB Bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing Kestrel Verifiers' Social Bonds Second Party Opinion, Kestrel Verifiers will assume and rely upon the accuracy and completeness of the information made publicly available by the City or that has otherwise been made available to Kestrel Verifiers.

CERTAIN FACTORS AFFECTING THE SOCIAL BONDS MARKET AND OTHER CONSIDERATIONS

The information in this section describes certain factors affecting the Social Bonds market and other considerations which may impact the designation of the Senior Lien Series 2023AB Bonds as Social Bonds. The following discussion is not meant to be an exhaustive list of the factors and other considerations affecting the Social Bonds market or impacting the designation of the Senior Lien Series 2023AB Bonds as Social Bonds and does not necessarily reflect the relative importance of the various factors and considerations. In addition, there can be no assurance that other factors or considerations not discussed herein are not and/or will not become relevant or material in the future. Investors are advised to consider the following factors along with all other information described in Kestrel Verifiers' Social Bonds Second Party Opinion, this Offering Circular and incorporated by reference herein when evaluating the Senior Lien Series 2023AB Bonds designated as Social Bonds to obtain information essential to the making of an informed investment decision.

The Environmental, Social and Governance (ESG) finance market, which includes the market for Social Bonds, is rapidly evolving, and various factors relating to the market for Social Bonds may be relevant to the investment decisions of potential investors. Such factors include, but are not limited to, (a) competing and inconsistent industry practices; (b) inconsistent regulatory expectations; (c) inconsistent identification of social factors or principles considered by market participants, including issuers, credit analysts, investors, rating agencies and external reviewers; (d) inconsistent identification of social factors and the nexus to credit and materiality; (e) disparity in the standards for labeling or designating bonds as Social Bonds; (f) availability, quality and comparability of reporting of outputs and outcomes relating to Social Bonds; (g) potential failure to achieve identified outputs and outcomes relating to Social Bonds; and (h) "impact washing," which is the act of overstating a commitment to social objectives.

VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS

Prior to the issuance of the Series 2023 Bonds, the Corporation will enter into an agreement with the City (the “**Voluntary Reporting Agreement**”) pursuant to which the City will express its intent to agree to track and report the use of proceeds of the Senior Lien Series 2023AB Bonds and the outcomes relating to the CRP Projects funded by the proceeds of the Senior Lien Series 2023AB Bonds.

Pursuant to the Voluntary Reporting Agreement, the City intends to file a report (each, a “**Voluntary Report**”) annually regarding the expenditure of the net proceeds of the Senior Lien Series 2023AB Bonds electronically with the Municipal Securities Rulemaking Board’s (“**MSRB**”) Electronic Municipal Market Access (“**EMMA**”) system not later than 270 days after the close of its Fiscal Year (as defined herein), beginning with the Fiscal Year ending December 31, 2023 until net proceeds of the Senior Lien Series 2023AB Bonds have been fully expended.

In addition to the information regarding expenditure of Senior Lien Series 2023AB Bond proceeds, the Voluntary Report is expected to include the following information:

- (1) the amount of the net proceeds of the Senior Lien Series 2023AB Bonds that has been expended in such Fiscal Year on the CRP Projects, which may be presented by percentage allocated to certain CRP Project categories or in any other manner as determined necessary or appropriate by the City;
- (2) descriptions of the CRP Projects completed in such Fiscal Year using net proceeds of the Senior Lien Series 2023AB Bonds, and completion percentage for such CRP Projects; and
- (3) the outputs for each CRP Project, as described under “**CHICAGO RECOVERY PLAN PROJECTS – CRP PROJECTS FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS,**” to the extent such information is available.

The Voluntary Report may also include the socially positive outcomes for each CRP Project, as described in “**CHICAGO RECOVERY PLAN PROJECTS – CRP PROJECTS FUNDED WITH THE PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS,**” to the extent such information is available.

The filing of the Voluntary Report pursuant to the Voluntary Reporting Agreement is entirely voluntary, and the City may discontinue the filing of the Voluntary Report or modify the content of the Voluntary Report at any time. Neither the Corporation nor any beneficial owner of a Series 2023 Bond has the right to compel the City to disseminate the Voluntary Report or any portion thereof or has any rights against the City in the case of any failure by the City to disseminate the Voluntary Report when due under the Voluntary Reporting Agreement. The Voluntary Reporting Agreement will terminate when all of the proceeds of the Senior Lien Series 2023AB Bonds have been expended.

*The Corporation is not required to file the Voluntary Report pursuant to its Continuing Disclosure Undertaking (as defined herein), nor are the Corporation or the City required to file the Voluntary Report pursuant to any other continuing disclosure obligations under Rule 15c2-12 (as defined herein). See “**CONTINUING DISCLOSURE – CONTINUING DISCLOSURE UNDERTAKING.**”*

THE SERIES 2023 BONDS

The following describes certain terms of the Series 2023 Bonds. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Senior Lien Indenture, the Second Lien Indenture and the applicable Series of Series 2023 Bonds. Copies of the Senior Lien Indenture and the Second Lien Indenture may be obtained upon written request to the office of the Secretary-Treasurer of the Corporation.

GENERAL

Each Series of the Series 2023 Bonds will be dated their date of delivery and will bear interest from their dated date until paid or redeemed, payable semiannually on each January 1 and July 1 (each, an “**Interest Payment Date**”), commencing January 1, 2024. The Series 2023 Bonds will bear interest at the rates per year and will mature in the principal amounts on January 1 in each year as set forth on the inside cover page of this Offering Circular. Interest on the Series 2023 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Senior Lien Series 2023 Bonds will be issued as fully registered bonds in denominations of \$1,000 or any integral multiple thereof, and the Second Lien Series 2023 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof (each, an “**Authorized Denomination**”).

Interest on the Series 2023 Bonds will be payable by check mailed to the registered owner thereof at the address thereof as it appears on the registry books of the Corporation as of the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date (the “**Record Date**”) or, at the option of any owner of \$1,000,000 or more in aggregate principal amount of the Series 2023 Bonds, by wire transfer of immediately available funds to such bank in the continental United States as such owner requests in writing.

A registered owner of Series 2023 Bonds is referred to in this Offering Circular as a “**Bondholder**” or “**Holder**.”

The Series 2023 Bonds will initially be registered through a book-entry-only system operated by The Depository Trust Company, New York, New York (“**DTC**”). Beneficial interests in the Series 2023 Bonds may be held through DTC, directly as a participant or indirectly through organizations that are participants in DTC. Details of payments of the Series 2023 Bonds and the book-entry-only system are described in “**APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM.**” Except as described in “**APPENDIX A,**” beneficial owners of the Series 2023 Bonds will not receive or have the right to receive physical delivery of the Series 2023 Bonds and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a Direct Participant or an Indirect Participant (each as defined in “**APPENDIX A**”), the Direct Participant or Indirect Participant who will act on behalf of such beneficial owner to receive notices and payments of principal or Redemption Price of and interest on the Series 2023 Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a Direct Participant or an Indirect Participant, such beneficial owner’s Direct Participant or Indirect Participant, to evidence its beneficial ownership of the Series 2023 Bonds. So long as DTC or its nominee is the registered owner of the Series 2023 Bonds, references herein to “**Bondholders**” or “**Holders**” or “**registered owners**” of the Series 2023 Bonds mean DTC or its nominee and do not mean the beneficial owners of the Series 2023 Bonds.

Additional information regarding DTC, its book-entry-only system and the global clearance procedures applicable to the Series 2023 Bonds can be found in “**APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM.**”

REDEMPTION PRIOR TO MATURITY

Senior Lien Series 2023A Bonds

Optional Redemption

The Senior Lien Series 2023A Bonds maturing on or after January 1, 2031 are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an applicable Authorized Denomination) on any date on or after January 1, 2030, at a Redemption Price of par plus any accrued interest on such Senior Lien Series 2023A Bonds being redeemed to the date fixed for redemption.

Mandatory Redemption from Sinking Fund Installments

The Senior Lien Series 2023A Bonds maturing on January 1, 2042 and January 1, 2044, respectively, are subject to mandatory redemption, in part, through application of Sinking Fund Installments, at a Redemption Price equal to 100 percent of the principal amount being redeemed, plus accrued interest on such Senior Lien Series 2023A Bonds being redeemed to the date fixed for redemption, on the dates and in the amounts set forth below:

\$24,990,000 Senior Lien Series 2023A Term Bond
Maturing January 1, 2042

January 1,	Principal Amount
2041	\$ 6,135,000
2042 [†]	18,855,000

[†] Final maturity.

\$28,950,000 Senior Lien Series 2023A Term Bond
Maturing January 1, 2044

January 1,	Principal Amount
2043	\$19,603,000
2044 [†]	9,347,000

[†] Final maturity.

There will be credited against and in satisfaction of all or a portion of a Sinking Fund Installment payable on any date, the principal amount of Senior Lien Series 2023A Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Debt Service Account pursuant to the Senior Lien Indenture, (B) redeemed at the option of the Corporation, (C) purchased by the City or the Corporation and delivered to the Trustee for cancellation and (D) deemed to have been paid in accordance with the Senior Lien Indenture. Senior Lien Series 2023A Bonds purchased with money in the Debt Service Account will be applied against and in satisfaction of the Sinking Fund Installment of the Senior Lien Series 2023A Bonds so purchased payable on the next succeeding January 1. Senior Lien Series 2023A Bonds redeemed at the option of the Corporation, purchased by the Corporation or the City (other than from amounts on deposit in the Debt Service Account) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Senior Lien Indenture will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Corporation specifies in a written direction of the Corporation delivered to the Trustee at least 20 days prior to the earliest date on which notice of

redemption of the Senior Lien Series 2023A Bonds entitled to such Sinking Fund Installment may be given by the Trustee, and the Sinking Fund Installment payable on each date specified in such direction will be reduced by the principal amount of the Senior Lien Series 2023A Bonds so purchased, redeemed or deemed to have been paid in accordance with the Senior Lien Indenture to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction.

Senior Lien Series 2023B Bonds

Optional Redemption

The Senior Lien Series 2023B Bonds maturing on or after January 1, 2034 are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an applicable Authorized Denomination) on any date on or after January 1, 2033, at a Redemption Price of par plus any accrued interest on such Senior Lien Series 2023B Bonds being redeemed to the date fixed for redemption.

Optional Redemption at Make-Whole Optional Redemption Price

For purposes of this section, the following terms shall have the following respective meanings:

“**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 Trustee maintains its designated office are required or authorized to close.

“**Calculation Agent**” has the meaning ascribed thereto below.

“**Treasury Rate**” means, as of any redemption date for a Senior Lien Series 2023B Bond, the time-weighted interpolated average yield for a term equal to the Make-Whole Period of the yields of the two U.S. Treasury nominal securities at “constant maturity” (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two Business Days nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) maturing immediately preceding and succeeding the Make-Whole Period. The Treasury Rate will be determined by the Calculation Agent (as defined herein) or an independent accounting firm, investment banking firm or financial advisor retained and compensated by the Corporation as a Corporation Expense.

“**Make-Whole Optional Redemption Price**” has the meaning ascribed thereto below.

“**Make-Whole Period**” means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year consisting of twelve 30-day months, between the redemption date and the remaining weighted average life of each Senior Lien Series 2023B Bond to be redeemed.

Prior to January 1, 2033, the Senior Lien Series 2023B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, on any date, in whole or in part, and if in part from such maturities and interest rates as shall be determined by the Corporation on any Business Day, at a redemption price (the “**Make-Whole Optional Redemption Price**”) equal to the greater of: (A) the principal amount of such Senior Lien Series 2023B Bonds to be redeemed or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Senior Lien Series 2023B Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date such Senior Lien Series 2023B Bonds are to be redeemed), discounted to the date of redemption of such Senior Lien Series 2023B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus (i) with respect to the Senior Lien Series

2023B Bonds maturing on January 1, 2026, 10 basis points, (ii) with respect to the Senior Lien Series 2023B Bonds maturing on January 1, 2027, 15 basis points, (iii) with respect to the Senior Lien Series 2023B Bonds maturing on January 1, 2028, January 1, 2029 and January 1, 2030, 20 basis points, and (iv) with respect to the Senior Lien Series 2023B Bonds maturing on January 1, 2031, January 1, 2032, January 1, 2033, January 1, 2034 and January 1, 2041, 25 basis points, plus, in each case, accrued interest on such Senior Lien Series 2023B Bonds being redeemed to the date fixed for redemption.

The Make-Whole Optional Redemption Price of any Senior Lien Series 2023B Bonds to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “**Calculation Agent**”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the Make-Whole Optional Redemption Price and will not be liable for such reliance. The Corporation shall confirm and transmit the Make-Whole Redemption Price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

Mandatory Redemption from Sinking Fund Installments

The Senior Lien Series 2023B Bonds maturing on January 1, 2041 are subject to mandatory redemption, in part, through application of Sinking Fund Installments, at a Redemption Price equal to 100 percent of the principal amount being redeemed, plus accrued interest on such Senior Lien Series 2023B Bonds being redeemed to the date fixed for redemption, on the dates and in the amounts set forth below:

\$37,153,000 Senior Lien Series 2023B Term Bond
Maturing January 1, 2041

January 1,	Principal Amount
2039	\$ 8,226,000
2040	17,081,000
2041 [†]	11,846,000

[†] Final maturity.

There will be credited against and in satisfaction of all or a portion of a Sinking Fund Installment payable on any date, the principal amount of Senior Lien Series 2023B Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Debt Service Account pursuant to the Senior Lien Indenture, (B) redeemed at the option of the Corporation, (C) purchased by the City or the Corporation and delivered to the Trustee for cancellation and (D) deemed to have been paid in accordance with the Senior Lien Indenture. Senior Lien Series 2023B Bonds purchased with money in the Debt Service Account will be applied against and in satisfaction of the Sinking Fund Installment of the Senior Lien Series 2023B Bonds so purchased payable on the next succeeding January 1. Senior Lien Series 2023B Bonds redeemed at the option of the Corporation, purchased by the Corporation or the City (other than from amounts on deposit in the Debt Service Account) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Senior Lien Indenture will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Corporation specifies in a written direction of the Corporation delivered to the Trustee at least 20 days prior to the earliest date on which notice of redemption of the Senior Lien Series 2023B Bonds entitled to such Sinking Fund Installment may be given by the Trustee, and the Sinking Fund Installment payable on each date specified in such direction will be reduced by the principal amount of the Senior Lien Series 2023B Bonds so purchased, redeemed or deemed to have been paid in accordance with the Senior Lien Indenture to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction.

Senior Lien Series 2023C Bonds

Optional Redemption

The Senior Lien Series 2023C Bonds maturing on or after January 1, 2031 are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an applicable Authorized Denomination) on any date on or after January 1, 2030, at a Redemption Price of par plus any accrued interest on such Senior Lien Series 2023C Bonds being redeemed to the date fixed for redemption.

Second Lien Series 2023A Bonds

Optional Redemption

The Second Lien Series 2023A Bonds maturing on or after January 1, 2034 are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an applicable Authorized Denomination) on any date on or after January 1, 2033, at a Redemption Price of par plus any accrued interest on such Second Lien Series 2023A Bonds being redeemed to the date fixed for redemption.

Second Lien Series 2023B Bonds

Optional Redemption at Make-Whole Optional Redemption Price

For purposes of this section, the following terms shall have the following respective meanings:

“**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 Trustee maintains its designated office are required or authorized to close.

“**Calculation Agent**” has the meaning ascribed thereto below.

“**Treasury Rate**” means, as of any redemption date for a Second Lien Series 2023B Bond, the time-weighted interpolated average yield for a term equal to the Make-Whole Period of the yields of the two U.S. Treasury nominal securities at “constant maturity” (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two Business Days nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) maturing immediately preceding and succeeding the Make-Whole Period. The Treasury Rate will be determined by the Calculation Agent or an independent accounting firm, investment banking firm or financial advisor retained and compensated by the Corporation as a Corporation Expense.

“**Make-Whole Optional Redemption Price**” has the meaning ascribed thereto below.

“**Make-Whole Period**” means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year consisting of twelve 30-day months, between the redemption date and the remaining weighted average life of each Second Lien Series 2023B Bond to be redeemed.

Prior to January 1, 2033, the Second Lien Series 2023B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, on any date, in whole or in part, and if in part from

such maturities and interest rates as shall be determined by the Corporation on any Business Day, at a redemption price (the “**Make-Whole Optional Redemption Price**”) equal to the greater of: (A) the principal amount of such Second Lien Series 2023B Bonds to be redeemed or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Second Lien Series 2023B Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date such Second Lien Series 2023B Bonds are to be redeemed), discounted to the date of redemption of such Second Lien Series 2023B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus (i) with respect to the Second Lien Series 2023B Bonds maturing on January 1, 2025, 10 basis points, (ii) with respect to the Second Lien Series 2023B Bonds maturing on January 1, 2026, 15 basis points, (iii) with respect to the Second Lien Series 2023B Bonds maturing on January 1, 2027, January 1, 2028, January 1, 2029, and January 1, 2030, 20 basis points, and (iv) with respect to the Second Lien Series 2023B Bonds maturing on January 1, 2031, January 1, 2032, and January 1, 2033, 25 basis points, plus, in each case, accrued interest on such Second Lien Series 2023B Bonds being redeemed to the date fixed for redemption.

The Make-Whole Optional Redemption Price of any Second Lien Series 2023B Bonds to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “**Calculation Agent**”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the Make-Whole Optional Redemption Price and will not be liable for such reliance. The Corporation shall confirm and transmit the Make-Whole Redemption Price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

ADDITIONAL REDEMPTION PROVISIONS

Selection of Series 2023 Bonds to be Redeemed

Tax-Exempt Series 2023 Bonds

If less than all of the Tax-Exempt Series 2023 Bonds of the same Series, maturity and tenor are to be redeemed, the Trustee will assign to each outstanding Tax-Exempt Series 2023 Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Tax-Exempt Series 2023 Bond equal to the lowest denomination in which the Tax-Exempt Series 2023 Bonds are authorized to be issued and will select by lot, using such method of selection as it deems proper in its discretion, from the numbers assigned to such Tax-Exempt Series 2023 Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Tax-Exempt Series 2023 Bonds are authorized to be issued for each number, equals the principal amount of such Tax-Exempt Series 2023 Bonds to be redeemed.

However, as long as Cede & Co., as nominee of DTC, is the registered owner of the Tax-Exempt Series 2023 Bonds, if less than all of the Tax-Exempt Series 2023 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Tax-Exempt Series 2023 Bonds to be redeemed. See “**APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM.**”

Taxable Series 2023 Bonds

If less than all of the Taxable Series 2023 Bonds of the same Series, maturity and tenor are to be redeemed, the particular Taxable Series 2023 Bonds or portions thereof to be redeemed will be selected on a pro-rata pass-through distribution-of-principal basis in accordance with DTC procedures, provided that the selection for redemption of such Taxable Series 2023 Bonds will be made in accordance with the operational arrangements of DTC then in effect.

It is the Corporation's intent that redemption allocations made by DTC be made on a pro-rata pass-through distribution-of-principal basis as described above. However, neither the Corporation, the Underwriters nor the Trustee can provide any assurance that DTC, DTC's Participants or any other intermediary will allocate the redemption of Taxable Series 2023 Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Taxable Series 2023 Bonds on a pro-rata pass-through distribution-of-principal basis as discussed above, then the Taxable Series 2023 Bonds will be selected by lot for redemption in accordance with DTC procedures.

See "APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM."

Notice of Redemption

When any Series of the Series 2023 Bonds are to be redeemed, the Trustee for said Series will give notice of the redemption of the applicable Series of Series 2023 Bonds in the name of the Corporation, which notice will specify the Series 2023 Bonds to be redeemed, the maturity dates and interest rates of the Series 2023 Bonds to be redeemed and the date such Series 2023 Bonds were issued; the numbers and other distinguishing marks of the Series 2023 Bonds to be redeemed, including CUSIP numbers; the redemption date; the Redemption Price, if then known; and the principal amount of such Series 2023 Bond to be redeemed. If the Corporation's obligation to redeem such Series 2023 Bonds is subject to conditions, the notice will include a statement to that effect and of the conditions to such redemption. Such notice shall further state that, if on such date all conditions to redemption have been satisfied, there shall become due and payable on such date upon each Series 2023 Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

The Trustee will give notice by mailing a copy of such notice not less than 20 days (or such shorter period if then permitted by DTC) nor more than 60 days prior to the redemption date by mail, to the registered owners of the applicable Series 2023 Bonds which are to be redeemed, at their last known addresses appearing on the registration books not more than 10 Business Days prior to the date such notice is given. The failure of any Holder of a Series 2023 Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of said Series 2023 Bond.

Payment of Redeemed Series 2023 Bonds

Notice having been given by mail in the manner described above, the Series 2023 Bonds or portions thereof so called for redemption will become due and payable on the redemption date so designated, at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Series 2023 Bonds, at the office or offices specified in such notice, such Series 2023 Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there is called for redemption less than all of the principal amount of a Series 2023 Bond, the Corporation will execute and the Trustee will authenticate and deliver, upon the surrender of such Series 2023 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Series 2023 Bond so surrendered, Series 2023 Bonds of like Series, maturity and tenor in any of their respective Authorized Denominations. If, on the redemption date, money for the redemption of all Series 2023 Bonds or portions thereof of any like Series, maturity, interest rate and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee so as to be available therefor on such date, and if notice of redemption shall have been mailed as described above, then, from and after the redemption date, interest on the Series 2023 Bonds or portions thereof so called for redemption shall cease to accrue and such Series 2023 Bonds shall no longer be considered to be Outstanding under the Senior Lien Indenture or the Second Lien Indenture, as applicable. If such money

is not available on the redemption date, such Series 2023 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECURITY FOR THE SERIES 2023 BONDS

PLEDGE OF TRUST ESTATE

Senior Lien Bonds

Pursuant to the Senior Lien Indenture, the Senior Lien Bonds, including the Senior Lien Series 2023 Bonds, are secured by a pledge of and security interest in the “**Trust Estate**,” consisting of: (i) all right, title and interest of the Corporation in and to the Sales Tax Revenues, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues and to bring actions and proceedings for the enforcement of the payment thereof; (ii) all right, title and interest of the Corporation in, to and under the Sale Agreement, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, right to bring actions and proceedings for the enforcement of the payment thereof and the State’s non-impairment pledge and agreement authorized by the Act and included in the Senior Lien Indenture; (iii) except as otherwise provided in the Senior Lien Indenture, all of the Corporation’s right, title and interest in money and securities on deposit with the Trustee in the funds and accounts created pursuant to the Senior Lien Indenture (other than the Operating Fund, the City Proceeds Account, Second Lien City Proceeds Account and the Residual Fund) and any Supplemental Indenture, *provided* that the priority in which such money and securities are applied to the repayment of the Series 2023 Bonds is as expressly specified in the Senior Lien Indenture and the Second Lien Supplemental Indenture; and (iv) any and all other property of every kind and nature from time to time, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred to the Trustee as and for additional security under the Senior Lien Indenture by the Corporation or by any person on behalf of the Corporation, including, without limitation, the money and securities of the Corporation held by the Trustee as security for the Secured Obligations, including the Senior Lien Series 2023 Bonds.

Outstanding Senior Lien Bonds, including the Senior Lien Series 2023 Bonds, are secured on a parity basis by a first-priority lien on the Trust Estate.

The Trust Estate does not include the proceeds of any Senior Lien Bonds held in the City Proceeds Account or the proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account, or any other proceeds of the Senior Lien Bonds or the Second Lien Bonds paid to or at the direction of the City, but does include the proceeds of the Senior Lien Bonds held in the Capitalized Interest Account and the proceeds of the Second Lien Bonds held in the Second Lien Capitalized Interest Account. None of the proceeds of the Senior Lien Bonds held in the City Proceeds Account or the proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account, or any other proceeds of the Senior Lien Bonds or the Second Lien Bonds paid to or at the direction of the City, will in any way be pledged to the payment of the Senior Lien Bonds or be part of the Trust Estate. Each Holder of Senior Lien Series 2023 Bonds, by purchase of its Senior Lien Series 2023 Bonds, waives any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account, any proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account or any other proceeds of Senior Lien Bonds or the Second Lien Bonds otherwise paid to or at the direction of the City.

The Corporation covenants in the Senior Lien Indenture that it will defend, preserve and protect the pledge of the Trust Estate and all of the rights of the holders of Senior Lien Bonds under the Senior Lien Indenture.

Second Lien Bonds

Pursuant to the Second Lien Supplemental Indenture, the Second Lien Bonds, including the Second Lien Series 2023 Bonds, are also secured by a pledge of and security interest in the Trust Estate.

All Subordinated Indebtedness, including the Second Lien Series 2023 Bonds, are secured on a parity basis by a lien on the Trust Estate that is subordinated, to the extent and in the manner provided in the Second Lien Indenture, to the prior payment of the principal of and interest then due and payable on the Outstanding Senior Lien Bonds, including the Senior Lien Series 2023 Bonds, and any subsequent Additional Senior Lien Bonds upon issuance.

The Trust Estate does not include the proceeds of any Senior Lien Bonds held in the City Proceeds Account or the proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account, or any other proceeds of the Senior Lien Bonds or the Second Lien Bonds paid to or at the direction of the City, but does include the proceeds of the Senior Lien Bonds held in the Capitalized Interest Account and the proceeds of the Second Lien Bonds held in the Second Lien Capitalized Interest Account. None of the proceeds of the Senior Lien Bonds held in the City Proceeds Account or the proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account, or any other proceeds of the Senior Lien Bonds or the Second Lien Bonds paid to or at the direction of the City, will in any way be pledged to the payment of the Senior Lien Bonds or be part of the Trust Estate. Each Holder of Second Lien Series 2023 Bonds, by purchase of its Second Lien Series 2023 Bonds, waives any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account, any proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account or any other proceeds of Senior Lien Bonds or the Second Lien Bonds otherwise paid to or at the direction of the City.

The Corporation covenants in the Second Lien Indenture that it will defend, preserve and protect the pledge of the Trust Estate and all of the rights of the holders of Second Lien Bonds under the Second Lien Indenture.

FLOW OF FUNDS

For purposes of this section “– **FLOW OF FUNDS,**” the following terms shall have the following respective meanings:

“**Interest Funding Requirement**” means, as of any date, 100 percent of the interest accrued on all Outstanding Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve 30-day months.

“**Principal Funding Requirement**” means, as of any date, an amount equal to the sum of the principal and Sinking Fund Installments due on all Outstanding Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, on the next succeeding Principal Payment Date, assuming that such amount was payable in 12 equal monthly installments on the first day of each calendar month ending on such Principal Payment Date.

The Sales Tax Revenues are collected by the State of Illinois Department of Revenue (the “**State Department of Revenue**”); *see* “**SALES TAX REVENUES – GENERAL – Collection**” and “– **Distribution.**” The City has irrevocably directed the State Comptroller, the State Treasurer and the Director of the State Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller and of the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale

Agreement and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. The Senior Lien Indenture provides for the flow of Sales Tax Revenues from the Securitized Sales Tax Revenue Fund for Senior Lien Bonds and Subordinated Indebtedness (including Second Lien Bonds), and the Second Lien Indenture provides for the flow of Sales Tax Revenues within the Subordinated Indebtedness Fund, as follows.

Senior Lien Bonds

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority:

- (1) to the Operating Fund in each Fiscal Year, (i) the lesser of (a) the Operating Cap and (b) the budgeted Corporation Expenses for such Fiscal Year, less (ii) the amount on deposit in the Operating Fund as of the first day of such Fiscal Year available for the Corporation's Expenses for such Fiscal Year;
- (2) to the Interest Account of the Debt Service Fund, an amount equal to (i) any interest then due and unpaid on Outstanding Senior Lien Bonds, plus (ii) 150 percent of the Interest Funding Requirement until the amount on deposit therein is equal to 100 percent of the interest due on all Outstanding Senior Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund;
- (3) to the Principal Account of the Debt Service Fund, an amount equal to (i) any principal and Sinking Fund Installments then due and unpaid on Outstanding Senior Lien Bonds, plus (ii) 150 percent of the Principal Funding Requirement until such amount on deposit therein is equal to 100 percent of the principal and Sinking Fund Installments due on all Outstanding Senior Lien Bonds on the next succeeding Principal Payment Date;
- (4) to reimburse, pro rata, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider;
- (5) upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund, the amount set forth in such direction;
- (6) to the Debt Service Reserve Fund, the Debt Service Reserve Deposit Requirement, if any;
- (7) to the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture;
- (8) to the Corporation, the amount, if any, necessary to pay Corporation Expenses specified by a certificate of an Authorized Officer of the Corporation in excess of the Operating Cap for such Fiscal Year or incurred but not paid in the preceding Fiscal Year;
- (9) upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and
- (10) to the Residual Fund, any remaining balance.

The Trustee will pay out of the Debt Service Fund the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds as such amounts become due and payable.

If, on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Senior Lien Bonds is due, the amount in the Debt Service Fund is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Senior Lien Bonds due on said date, the Trustee will withdraw, first, from the Debt Retirement Fund and, then, from the Debt Service Reserve Fund, and deposit to the Debt Service Fund, such amount as will increase the amount therein to an amount sufficient to make such payments. No amount will be withdrawn from the Debt Retirement Fund if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Second Lien Bonds theretofore called for redemption or contracted to be purchased.

There is no Debt Service Reserve Fund Requirement for the Outstanding Senior Lien Bonds, including the Senior Lien Series 2023 Bonds.

See, also, "APPENDIX C-1 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE."

Second Lien Bonds

Promptly following the deposit of Sales Tax Revenues into the Subordinated Indebtedness Fund, the Trustee shall, pursuant to the Second Lien Supplemental Indenture, withdraw from the Subordinated Indebtedness Fund and transfer and apply such amounts as follows on a parity basis among each series of Second Lien Bonds and in the following order of priority:

- (1) to the Interest Account of the Second Lien Subordinate Debt Service Account, an amount equal to (i) any interest then due and unpaid on Outstanding Second Lien Bonds, plus (ii) 120 percent of the Interest Funding Requirement, until the amount on deposit therein is equal to 100 percent of the interest due on all Outstanding Second Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Second Lien Subordinate Debt Service Account from the Second Lien Capitalized Interest Account of the Second Lien Subordinate Debt Service Account pursuant to the Second Lien Indenture;
- (2) to the Principal Account of the Second Lien Subordinate Debt Service Account, an amount equal to (i) any principal and Sinking Fund Installments then due and unpaid on Outstanding Second Lien Bonds, plus (ii) 120 percent of the Principal Funding Requirement, until the amount on deposit therein is equal to 100 percent of the principal and credits to the Sinking Fund Installments due on all Outstanding Second Lien Bonds on the next succeeding January 1 (each, a "**Principal Payment Date**");
- (3) upon the direction of an Authorized Officer of the Corporation, to the Second Lien Subordinate Arbitrage Rebate Account, the amount set forth in such direction;
- (4) to the Second Lien Subordinate Debt Service Reserve Account, the Second Lien Subordinate Debt Service Reserve Deposit Requirement, if any;
- (5) upon the direction of the Corporation, to the Second Lien Subordinate Debt Retirement Account, the amount set forth in such direction; and

(6) to the Residual Fund, any remaining balance.

The Trustee will pay out of the Second Lien Subordinate Debt Service Account the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien Bonds as such amounts become due and payable.

If, on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Second Lien Bonds is due, the amount in the Second Lien Subordinate Debt Service Account is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Second Lien Bonds due on said date, the Trustee will withdraw, first, from the Second Lien Subordinate Debt Retirement Account and, then, from the Second Lien Subordinate Debt Service Reserve Account, and deposit to the Second Lien Subordinate Debt Service Account, such amount as will increase the amount therein to an amount sufficient to make such payments. No amount will be withdrawn from the Second Lien Subordinate Debt Retirement Account if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Second Lien Bonds theretofore called for redemption or contracted to be purchased.

There is no Second Lien Subordinate Debt Service Reserve Account Requirement for the Outstanding Second Lien Bonds, including the Second Lien Series 2023 Bonds.

See, also, "APPENDIX C-2 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN INDENTURE."

Residual Funds

On the last day of each Fiscal Year:

(a) money in the Debt Service Fund in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Senior Lien Bonds on the next succeeding Principal Payment Date (including income or interest earned) will be withdrawn and transferred first, to the Debt Service Reserve Fund in such amount, if any, as is necessary to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement (if any), second, to the Subordinated Indebtedness Fund in such amount, if any, as is necessary to make the amount on deposit therein equal to the principal of and interest due and payable on the Subordinated Indebtedness (including the Second Lien Bonds) on the next Principal Payment Date, and third, any excess remaining may at the direction of the Corporation either be retained in the Debt Service Fund or transferred to any other fund or account established pursuant to the Senior Lien Indenture. If no direction has been given by the Corporation, the excess on the last day of each Fiscal Year will be transferred to the Residual Fund; and

(b) money in the Second Lien Subordinate Debt Service Account in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Second Lien Bonds on the next succeeding Principal Payment Date (including income or interest earned on investment of money in the Second Lien Subordinate Debt Service Account) will be withdrawn and transferred first, if required by the Second Lien Supplemental Indenture, to the Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as is necessary to make the amount on deposit therein equal to the Second Lien Subordinate Debt Service Reserve Account Requirement (if any), and second, any excess remaining, at the direction of the Corporation, may either be retained in the Second Lien Subordinate Debt Service Account or transferred to any other fund or account established pursuant to the Second Lien Indenture. If no direction has been given by an Authorized Officer of the Corporation, the excess on the last day of each Fiscal Year will be transferred to the Residual Fund.

Money deposited in the Debt Retirement Fund during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of the Corporation to the purchase or redemption of Outstanding Senior Lien Bonds or to pay or make provision for payment of Outstanding Senior Lien Bonds in accordance with the Senior Lien Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or make provision for payment of Outstanding Senior Lien Bonds in accordance with the Senior Lien Indenture if at such time the amount on deposit in the Debt Service Fund is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Debt Retirement Fund not required to pay the Redemption Price or purchase price of Senior Lien Bonds theretofore called for redemption or contracted to be purchased shall, at the direction of an Authorized Officer of the Corporation, be withdrawn from the Debt Retirement Fund and transferred to the Debt Service Fund or the Arbitrage Rebate Fund at any time money is required for the purposes of such funds.

Money deposited in the Second Lien Subordinate Debt Retirement Account during any Fiscal Year may be applied, at the direction of the Corporation, during any subsequent Fiscal Year, to the purchase or redemption of Outstanding Second Lien Bonds or to pay or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Indenture if at such time the amount on deposit in the Second Lien Subordinate Debt Service Account is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Second Lien Subordinate Debt Retirement Account not required to pay the Redemption Price or purchase price of Second Lien Bonds theretofore called for redemption or contracted to be purchased, at the direction of an Authorized Officer of the Corporation, shall be withdrawn from the Second Lien Subordinate Debt Retirement Account and transferred to the Second Lien Subordinate Debt Service Account or the Second Lien Subordinate Arbitrage Rebate Account at any time money is required for the purposes of such accounts.

See, also, "APPENDIX C-1 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE" and "APPENDIX C-2 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN INDENTURE."

RESIDUAL REVENUES NOT PLEDGED TO THE SECURED OBLIGATIONS

In accordance with the Senior Lien Indenture, the Second Lien Indenture and the Sale Agreement, any Sales Tax Revenues and any other funds deposited to the Residual Fund become Residual Revenues upon such deposit. Residual Revenues will promptly be paid to the holder of the Residual Certificate (initially and currently the City) free and clear of the lien of the Senior Lien Indenture or the Second Lien Indenture, as applicable, upon deposit to the Residual Fund following the application of the Sales Tax Revenues as described above under "**– FLOW OF FUNDS.**" The Residual Revenues are funds of the holder of the Residual Certificate (initially and currently the City). The City may apply the Residual Revenues for any purpose and may incur indebtedness secured by the Residual Revenues. The Trustee and the holders of the Secured Obligations have no claim on the Residual Revenues under any circumstance, including a deficiency in the Sales Tax Revenues.

SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS

The Master Indenture permits the issuance by the Corporation of (i) Senior Lien Bonds secured on a parity basis by a first-priority lien on the Trust Estate and (ii) Subordinated Indebtedness, whether or not evidenced by any note, bond, debenture or other evidence of indebtedness incurred by the Corporation pursuant to a Supplemental Indenture in furtherance of its corporate purposes, which Subordinated Indebtedness shall be secured by a lien of the Trust Estate that is subject to and subordinate to the first-priority lien on the Trust Estate granted to the holders of Outstanding Senior Lien Bonds and payable from

amounts on deposit in the Subordinated Indebtedness Fund. All Subordinated Indebtedness issued under the Second Lien Supplemental Indenture and any Supplemental Indenture thereto, secured by a lien of the Trust Estate that is subject to and subordinate to the first-priority lien on the Trust Estate granted to the holders of Outstanding Senior Lien Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund constitutes Second Lien Bonds. Senior Lien Bonds and Subordinated Indebtedness collectively constitute Secured Obligations. Second Lien Bonds are Subordinated Indebtedness of the Corporation. All Subordinated Indebtedness will be subordinated to the prior payment of the principal of and interest on the Senior Lien Bonds then due and payable, to the extent and in the manner provided in the Master Indenture. The Authorized Senior Lien Bonds, including the Senior Lien Series 2023 Bonds, constitute Senior Lien Bonds under the Master Indenture. The Authorized Second Lien Bonds, including the Second Lien Series 2023 Bonds, constitute Subordinated Indebtedness under the Senior Lien Indenture and the Second Lien Indenture. For a discussion of the issuance of Subordinated Indebtedness subordinate to the Second Lien Bonds, see “– **Additional Subordinated Indebtedness**” below. Subject to the 2017 Debt Limit and the 2020 Debt Limit, increases in Sale Tax Revenues will increase the amount of Additional Senior Lien Bonds and Additional Second Lien Bonds issuable by the Corporation pursuant to the respective requirements of the Senior Lien Indenture and the Second Lien Indenture.

Additional Senior Lien Bonds

The Master Indenture authorizes the Corporation to issue Additional Senior Lien Bonds, *provided* any such Additional Senior Lien Bonds must be authorized by a resolution of the Corporation and an ordinance of the City which approves the amount and the terms of such Additional Senior Lien Bonds and the purposes for which the proceeds of such Additional Senior Lien Bonds will be used (the “**Senior Lien Authorization Requirement**”). Additional Senior Lien Bonds will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other requirements of the Master Indenture) of:

(a) (i) a certificate of the Corporation demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 400 percent of Maximum Annual Debt Service, after giving effect to the issuance of the Additional Senior Lien Bonds of such Series (exclusive of Capitalized Interest on Senior Lien Bonds and defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued); or (ii) if the Additional Senior Lien Bonds to be issued are Refunding Bonds, either (1) a certificate of the Corporation described in (i) or (2) a certificate of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds, after giving effect to the issuance of the Refunding Bonds, will not be greater than the amount payable during such Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds immediately prior to the issuance of such Refunding Bonds; and

(b) for as long as any Second Lien Bonds are Outstanding, a certificate of the Corporation stating that the Sales Tax Revenues for the most recently completed Fiscal Year were at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of (1) defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued, and (2) defeased Second Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued).

The City has also authorized the issuance of Additional Senior Lien Bonds under the City 2017 Ordinance, *provided, however*, that (i) any such issuance pursuant to the City 2017 Ordinance would require the adoption of an authorizing resolution by the Corporation and compliance with the other requirements

for the issuance of Additional Senior Lien Bonds as described, and (ii) the combined aggregate principal amount of any such issuance and the Series 2023 Bonds shall not exceed the amount of Senior Lien Bonds authorized to be issued under the City 2017 Ordinance and the City 2020/2021 Ordinance.

The Senior Lien Authorization Requirement has been met with respect to Additional Senior Lien Bonds issued pursuant to the Senior Lien Indenture. The Senior Lien Series 2023 Bonds, together with the Senior Lien Bonds previously issued pursuant to the City 2017 Ordinance, will not exceed the 2017 Debt Limit. *See* “**PLAN OF FINANCE – DEBT LIMITS.**”

Additional Second Lien Bonds

The Second Lien Supplemental Indenture authorizes the Corporation to issue Additional Second Lien Bonds, *provided* any such Additional Second Lien Bonds must be authorized by a resolution of the Corporation and an ordinance of the City which approves the amount and the terms of such Additional Second Lien Bonds and the purposes for which the proceeds of such Additional Second Lien Bonds will be used (the “**Second Lien Authorization Requirement**”). Additional Second Lien Bonds will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other requirements of the Second Lien Indenture) of:

(a) a certificate of an Authorized Officer of the Corporation demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds after giving effect to the issuance of the Additional Second Lien Bonds of such Series (exclusive of (i) defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Second Lien Bonds then to be issued, including as a result of the issuance of the Additional Second Lien Bonds then to be issued, and (ii) defeased Second Lien Bonds on or prior to the date of issuance of the Additional Second Lien Bonds then to be issued, including as a result of the issuance of the Additional Second Lien Bonds then to be issued); or

(b) if the Additional Second Lien Bonds to be issued are Refunding Second Lien Bonds, either (i) a certificate of the Corporation described in (a) above or (ii) a certificate of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds, after giving effect to the issuance of the Refunding Second Lien Bonds, will not be greater than the amount payable during such Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds immediately prior to the issuance of such Refunding Second Lien Bonds.

The Second Lien Authorization Requirement has been met with respect to Additional Second Lien Bonds issued pursuant to the Second Lien Supplemental Indenture. The Second Lien Series 2023 Bonds, together with Second Lien Bonds previously issued pursuant to the City 2020/2021 Ordinance, will not exceed the 2020 Debt Limit. *See* “**PLAN OF FINANCE – DEBT LIMITS.**”

Additional Subordinated Indebtedness

The Corporation reserves the right to incur Subordinated Indebtedness pursuant to a Supplemental Indenture in furtherance of its corporate purposes that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject to and subordinate to the lien or charge of the Second Lien Bonds.

For additional information concerning the provisions of the Senior Lien Indenture applicable to the issuance of Subordinated Indebtedness, *see* “**APPENDIX C-1 – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE.**”

CERTAIN COVENANTS OF THE STATE AND THE CITY

Covenants of the State Contained in the Act

In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in the State Comptroller, the State Treasurer or the State Department of Revenue by the Act with respect to the disposition of the Sales Tax Revenues that have been conveyed by the City to the Corporation under the Sale Agreement so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation, or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City, until all requirements with respect to the deposit, by the State Comptroller, the State Treasurer or the State Department of Revenue, of Sales Tax Revenues for the benefit of the Corporation have been fully met and discharged. In addition, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the City's share or percentage of Sales Tax Revenues is derived, or the use of such funds, so as to impair the terms of any such contract.

Covenants of the City Contained in the Sale Agreement

Collection of Sales Tax Revenues

The City agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (i) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (ii) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Senior Lien Indenture and the Second Lien Indenture, (iii) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Senior Lien Indenture and the Second Lien Indenture and (iv) any other deposits or other amounts required by the provisions of the Senior Lien Indenture and the Second Lien Indenture for such Fiscal Year.

Protection of Title; Non-Impairment Covenant

Pursuant to the Act and the Sale Agreement, the City has irrevocably directed the Director of the State Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee of the outstanding Secured Obligations as the assignee of the Corporation. In accordance with the Act and as set forth in the Sale Agreement, the City has pledged and agreed that it shall not take any action that would in any way materially adversely (i) impair the Corporation's right to receive the Sales Tax Revenues, (ii) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the holders of the Secured Obligations or (iii) impair the rights and remedies of the holders of the Secured Obligations or the security for the Secured Obligations, until the Secured Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the Secured Obligations, are fully paid and discharged; *provided, however*, that the remedies available to the Corporation and the holders of the Secured Obligations for any breach of the pledges and agreements of the City set forth in this paragraph are limited to injunctive relief. The Sale Agreement provides that the Corporation is authorized to include such pledge and agreement in the Senior Lien Indenture and the Second Lien Indenture for the benefit of the holders of the Secured Obligations, and the Corporation has included this pledge and agreement of the City in the Senior Lien Indenture and the Second Lien Indenture.

Indebtedness Secured by Sales Tax Revenues

The City shall not issue any bonds or other evidences of indebtedness that are secured by a pledge or lien on all or any portion of the Sales Tax Revenues; *provided* that, as holder of the Residual Certificate, the City may apply Residual Revenues for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

Tax Covenant

The City will at all times do and perform all acts and things permitted by law and necessary or desirable to ensure that interest paid to the holders of any tax-exempt Secured Obligations (including the Tax-Exempt Series 2023 Bonds) issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, obligations or investment property the acquisition or holding of which would cause any tax-exempt Secured Obligation to be an “arbitrage bond,” as defined in the Code and any applicable regulations issued thereunder. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the holders of any such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois (“**Co-Transaction Counsel**”), in connection with the issuance of such tax-exempt Secured Obligations.

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Tax-Exempt Series 2023 Bonds, the Corporation shall comply with the provisions of the Code applicable to the Tax-Exempt Series 2023 Bonds necessary to maintain such exclusion, including, without limitation, the provisions of the Code which prescribe yield and other limits within which proceeds of the Tax-Exempt Series 2023 Bonds are to be invested and which, in certain circumstances, require the rebate of certain earnings on such amounts to the U.S. Department of the Treasury in accordance with Section 148(f) of the Code. In furtherance of the foregoing, the Corporation shall comply with the tax certificate relating to the Tax-Exempt Series 2023 Bonds. *See* “**TAX MATTERS.**”

STATUTORY LIEN

The Act provides that obligations issued by the Corporation shall be secured by a statutory lien (with the meaning given to such term in Section 101(53) of Title 11 of the United States Code (the “**Bankruptcy Code**”)) on the Sales Tax Revenues received or entitled to be received by the Corporation. The statutory lien shall automatically attach from the time such obligations are issued without further action or authorization by the Corporation or any other entity, person, governmental authority or officer (including the City). The statutory lien shall be valid and binding from the time such obligations are executed and delivered, and the statutory lien shall automatically be effective, binding and enforceable against the Corporation, the City, the State Comptroller, the State Treasurer and the State Department of Revenue and their respective agents, successors and transferees and creditors.

LIMITED OBLIGATIONS; NO INDEBTEDNESS OF THE CITY

The Secured Obligations, including the Series 2023 Bonds, are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues and other collateral pledged under the Senior Lien Indenture and the Second Lien Indenture, as applicable. The Secured Obligations do not represent or constitute a debt of the City or of the State within the meaning of any constitutional or any

statutory limitation or a pledge of the faith and credit of the City or the State or a grant to the holders thereof of any right to have the City or the Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of or interest on the Secured Obligations.

The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the City or the State, and neither the credit, the revenues nor the taxing power of the City or the State is, or shall be deemed to be, pledged to the payment of any of the Secured Obligations. The Corporation has no taxing power.

COVID-19 PANDEMIC

The information set forth in this Offering Circular, including the appendices hereto, regarding COVID-19 has been obtained by the Corporation from the City and other sources believed to be reliable. Such information is being provided solely for the purpose of describing the effects of the COVID-19 pandemic on Sales Tax Revenues. The Corporation is under no obligation to update COVID-19 information and data contained herein or elsewhere in this Offering Circular. See “CONTINUING DISCLOSURE – COVID-19 DISCLOSURE.”

For information relating to the effects of the COVID-19 pandemic on the revenues and expenditures of the Corporation in Fiscal Years 2020 and 2021, see “SALES TAX REVENUES,” and “APPENDIX G – SALES TAX SECURITIZATION CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021.”

SALES TAX REVENUES

GENERAL

The Sales Tax Revenues consist of the Home Rule Sales Tax Revenues resulting from the Home Rule Sales Taxes and the Local Share Sales Tax Revenues resulting from the State Sales Taxes, all as described below.

For prospective financial information set forth in this Offering Circular, see disclaimer at “REGARDING THIS OFFERING CIRCULAR” and “INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.”

Home Rule Sales Tax Revenues

The Home Rule Sales Tax Revenues result from the collection by the State Department of Revenue of the Home Rule Sales Taxes, as currently authorized by the Home Rule Municipal Retailers’ Occupation Tax Act (65 ILCS 5/8-11-1), the Home Rule Municipal Service Occupation Tax Act (65 ILCS 5/8-11-5) and the Home Rule Municipal Use Tax Act (65 ILCS 5/8-11-6) (collectively, the “**Home Rule Sales Tax Statutes**”), each as supplemented and amended, or any successor or substitute law, ordinance or other legislation subsequently enacted (which taxes are currently imposed by the City pursuant to Sections 3-40-010, 3-40-430 and 3-28-030, respectively, of the Municipal Code of Chicago, as amended (“**Chicago Municipal Code**”)), or successor or substitute taxes therefor as provided by law in the future. The Home Rule Sales Tax Statutes require that the State Department of Revenue pay over to the State Treasurer, *ex officio*, as trustee, all taxes and penalties collected under the Home Rule Sales Tax Statutes.

(i) The Home Rule Municipal Retailers’ Occupation Tax (“**Home Rule Municipal Retailers’ Occupation Tax**”) is currently imposed on persons selling in the City at retail most items of non-titled tangible personal property at a rate of 1.25 percent of the gross receipts from

such sales. This tax must be imposed in increments of 0.25 percent and can only be imposed if the City also imposes a municipal service occupation tax.

(ii) The Home Rule Municipal Service Occupation Tax (“**Home Rule Municipal Service Occupation Tax**”) is currently imposed on persons making sales in the City of service where real estate or most items of tangible personal property are transferred, at a rate of 1.25 percent of the selling price of the tangible personal property transferred (either in the form of such items of tangible personal property or in the form of real estate) as an incident to sale of such service. This tax must be imposed at the same rate as the Home Rule Municipal Retailers’ Occupation Tax described in subsection (i) above.

(iii) The Home Rule Municipal Use Tax on Titled Personal Property (“**Home Rule Municipal Use Tax on Titled Personal Property**”) is imposed on the privilege of using within the City titled personal property that is purchased at retail from a retailer (whether located in or outside the City) and that is titled or registered in the City and collected on sales in Cook County and all five contiguous counties, subject to certain exemptions. The tax rate is 1.25 percent of the titled personal property’s selling price. The use tax on titled personal property collected by the City on sales outside the six-county area is not part of the Home Rule Municipal Use Tax on Titled Personal Property and not part of the Sales Tax Revenues. *See* “**CITY-COLLECTED SALES TAXES NOT PLEDGED TO SECURED OBLIGATIONS.**”

Currently there is no maximum limit on the rate at which the City may impose the Home Rule Sales Taxes. An ordinance of the City Council changing the rate of any of the Home Rule Sales Taxes collected by the State Department of Revenue on behalf of the City is required either (i) to be filed with the State Department of Revenue on or before April 1 in order for the State Department of Revenue to make the rate increase effective beginning the next succeeding July 1 or (ii) to be filed with the State Department of Revenue on or before October 1 in order for the State Department of Revenue to make the rate increase effective for the following calendar year. The rate for each of the Home Rule Sales Taxes was last increased in 2005, from one percent to the current rate of 1.25 percent.

The Home Rule Sales Tax Revenues include interest payable by the State Treasurer with respect to the Home Rule Municipal Retailers’ Occupation Tax and the Home Rule Municipal Service Occupation Tax.

In addition to monthly disbursements of proceeds of the Home Rule Municipal Retailers’ Occupation Tax and the Home Rule Municipal Service Occupation Tax, the City is entitled to an additional distribution each November in order to mitigate delays caused by the distribution procedures imposed in 1990 by the Home Rule Municipal Retailers’ Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act. Such additional distribution for each tax is in an amount equal to (i) the average monthly disbursement of such tax during the immediately preceding fiscal year of the State (excluding the two months of highest disbursements) less (ii) the amount so distributed the prior November for the second preceding fiscal year of the State. The Corporation received such a distribution in November 2022 in the amount of \$3,706,656.89.

Local Share Sales Tax Revenues

The Local Share Sales Tax Revenues result from the collection of the State Sales Taxes, as imposed by the State pursuant to the Retailers’ Occupation Tax Act (35 ILCS 120), the Service Occupation Tax Act (35 ILCS 115), the Use Tax Act (35 ILCS 105) and the Service Use Tax Act (35 ILCS 110) (collectively, the “**State Sales Tax Statutes**”), each as supplemented and amended, or successor or substitute taxes therefor as provided by law in the future. The State Sales Tax Statutes require that the State Department of

Revenue deposit the net receipts from collections of these taxes into various State funds, including the Local Government Tax Fund and the State and Local Sales Tax Reform Fund, both special funds in the State Treasury. Pursuant to the State Finance Act (30 ILCS 105) (the “**State Finance Act**”), distributions of such net receipts are to be made to designated recipients, including the City, from the Local Government Tax Fund and from the State and Local Sales Tax Reform Fund. Pursuant to the State Finance Act, distributions from the Local Government Tax Fund are not subject to annual appropriation by the Illinois General Assembly while distributions from the State and Local Sales Tax Reform Fund are subject to annual appropriation by the Illinois General Assembly.

(i) The Illinois Retailers’ Occupation Tax (“**Illinois Retailers’ Occupation Tax**”) is currently imposed, subject to certain exemptions, on persons engaged in the business of selling at retail most items of tangible personal property (other than grocery food, drugs and medical appliances) (“**general merchandise**”) at the rate of 6.25 percent on gross receipts from such sales and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances. The Illinois Retailers’ Occupation Tax Act requires that the State Department of Revenue deposit a portion of the net receipts from this tax in the Local Government Tax Fund (16 percent of the tax on general merchandise and 100 percent of the tax on grocery food, drugs and medical appliances). The portion of these tax amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City is allocated to the City, and pursuant to the Sale Agreement, the City has assigned these amounts to the Corporation.

(ii) The Illinois Service Occupation Tax (“**Illinois Service Occupation Tax**”) is currently imposed, subject to certain exemptions, on persons making sales of service where tangible personal property is transferred as an incident of sale of such service, at the rate of 6.25 percent of the selling price of most items of non-titled tangible personal property (other than grocery food, drugs and medical appliances) (“**general taxed property**”) and at the rate of 1.00 percent of the selling price of grocery food, drugs and medical appliances. The Illinois Service Occupation Tax Act requires that the State Department of Revenue deposit a portion of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on general taxed property and 100 percent of the tax on grocery food, drugs and medical appliances). The portion of these tax amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City is allocated to the City, and pursuant to the Sale Agreement the City has assigned these amounts to the Corporation.

(iii) The Illinois Use Tax (“**Illinois Use Tax**”) is currently imposed, subject to certain exemptions, on the privilege of using in the State most items of tangible personal property (other than grocery food, drugs and medical appliances) (“**general taxable property**”) at the rate of 6.25 percent of either the selling price or fair market value of such property and at the rate of 1.00 percent of either the selling price or fair market value of grocery food, drugs and medical appliances, in each case purchased outside the State. Effective October 1, 2018, the State expanded the application of the Illinois Use Tax to apply to out-of-state retailers making sales of tangible personal property to purchasers in Illinois if at the end of any calendar quarter (a) the cumulative gross receipts from such sales during the preceding 12-month period are \$100,000 or more; or (b) the retailer has entered into 200 or more separate transactions for such sales during the preceding 12-month period. The Illinois Use Tax Act requires that the State Department of Revenue deposit portions of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on tangible personal property titled or registered by a State governmental agency) and in the State and Local Sales Tax Reform Fund (20 percent of the tax on general taxable property other than titled tangible personal property and 100 percent of the tax on grocery food, drugs and medical appliances) purchased outside the State. The City is allocated 100 percent of the amounts deposited in the Local Government Tax Fund from this tax for the sale of titled or registered items for which State

addresses for titling or registration purposes are given as being in the City and 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund (after certain deductions) from this tax are allocated to the City, and pursuant to the Sale Agreement the City has assigned these amounts to the Corporation.

(iv) The Illinois Service Use Tax (“**Illinois Service Use Tax**”) is currently imposed, subject to certain exemptions, on the privilege of using in the State most items of tangible personal property (other than grocery food, drugs and medical appliances) (“**general taxed tangible personal property**”) at the rate of 6.25 percent of the selling price of such general taxed tangible personal property and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances, in both cases transferred as an incident to the sale outside the State of a service from a service provider. Effective October 1, 2018, the State expanded the application of the Illinois Service Use Tax to apply to out-of-state service providers making sales of service to purchasers in Illinois if at the end of any calendar quarter (a) the cumulative gross receipts from such sales during the preceding 12-month period are \$100,000 or more; or (b) the service provider has entered into 200 or more separate transactions for such sales of services during the preceding 12-month period. The Illinois Service Use Tax Act requires that the State Department of Revenue deposit a portion of the net receipts of this tax in the State and Local Sales Tax Reform Fund (20 percent of the tax on general taxed tangible personal property other than titled tangible personal property and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund (after certain deductions) from this tax, and pursuant to the Sale Agreement has assigned these amounts to the Corporation.

Any change in the tax rates or amount of net tax receipts allocated to the City constituting Local Share Sales Tax Revenues would require the enactment of legislation by the Illinois General Assembly. See “**INVESTMENT AND LEGAL CONSIDERATIONS – ADVERSE CHANGE IN LAWS.**” In the Act, the State pledges to and agrees with the City that the State will not limit or alter the basis on which the City’s share or percentage of Sales Tax Revenues is derived, or the use of the Sales Tax Revenues, so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City. See “**SECURITY FOR THE SERIES 2023 BONDS – CERTAIN COVENANTS OF THE STATE AND THE CITY – Covenants of the State Contained in the Act.**”

Leveling the Playing Field Act

In 2019, the Illinois General Assembly passed Public Acts 101-31 and 101-604 amending the Home Rule Sales Tax Statutes and the State Sales Tax Statutes and enacted the Leveling the Playing Field for Illinois Retail Act (the “**Leveling the Playing Field Act**”). The Leveling the Playing Field Act implements a series of structural changes to the State sales and use tax laws to require remote retailers who meet a tax remittance threshold to remit to the State both the Illinois Retailers’ Occupation Tax revenues and the Home Rule Municipal Retailers’ Occupation Tax revenues (collectively, “**State and Local Retailers’ Occupation Taxes**”) beginning January 1, 2021. The changes are intended to “level the playing field” between State-based retailers and remote retailers by imposing State and Local Retailers’ Occupation Taxes on State retailers and remote retailers alike. In addition, the Leveling the Playing Field Act provides that marketplace facilitators who meet a tax remittance threshold are required to remit State and Local Retailers’ Occupation Taxes on their own sales made over the marketplace and on sales made on behalf of marketplace sellers. State and Local Retailers’ Occupation Taxes on sales made by remote retailers or marketplace facilitators (on behalf of marketplace sellers) are incurred based on the rate in effect at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser. State and Local Retailers’ Occupation Taxes for a marketplace facilitator’s own marketplace sales will be incurred either at the rate in effect at the location of inventory in the State from which a sale is fulfilled or

the location where selling activities otherwise occur or, for sales not fulfilled in the State, at the rate in effect at the purchaser's location.

Collection

The Home Rule Sales Taxes and the State Sales Taxes currently are measured on the gross receipts from the retail sale or the cost price of the tangible personal property transferred by the service provider and generally are collected by the seller from the purchaser. The Home Rule Sales Taxes are generally measured on the same basis, and are subject to the same exemptions, as the State Sales Taxes. The Home Rule Sales Taxes are collected by the State Department of Revenue pursuant to the Home Rule Sales Tax Statutes and applicable sections of the Chicago Municipal Code. Each of the State Sales Tax Statutes provides that the applicable State Sales Tax will be collected by the State Department of Revenue. Taxpayers with an average monthly sales tax liability in excess of \$20,000 are required to file returns and remit payments to the State Department of Revenue four times per month. In some cases, use taxes are paid directly by the purchaser to the State Department of Revenue.

Distribution

Except as noted above with respect to the Illinois Service Use Tax and portions of the Illinois Use Tax, the Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues are payable without annual appropriation by the Illinois General Assembly. See "TABLE 8. ANNUAL SALES TAX REVENUES" below.

Pursuant to the Home Rule Sales Tax Statutes, the State Department of Revenue pays over to the State Treasurer, *ex officio*, as trustee, all taxes and penalties collected thereunder. Each of the Home Rule Sales Tax Statutes provides that on or before the 25th day of each calendar month, the State Department of Revenue prepares and certifies to the State Comptroller the disbursement of amounts due to each municipality. With respect to each Home Rule Sales Tax, the amount to be paid to each municipality is the amount collected during the second preceding calendar month under the applicable Home Rule Sales Tax Statute, not including refunds made during the second preceding calendar month by the State Department of Revenue on behalf of the applicable municipality, less the administrative fee described below. Each of the Home Rule Sales Tax Statutes requires that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the State Department of Revenue's certification.

The State Department of Revenue charges administrative fees for collection of the Home Rule Sales Taxes. Pursuant to the Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act, effective June 4, 2018, the State Department of Revenue retains 1.5 percent of collections of the Home Rule Municipal Retailers' Occupation Tax and the Home Rule Municipal Service Occupation Tax. Pursuant to the Home Rule Municipal Use Tax Act, effective September 1, 2014, the State Department of Revenue retains 2.0 percent of collections of the Home Rule Municipal Use Tax.

Pursuant to the State Sales Tax Statutes, each month the State Department of Revenue pays into (i) the Local Government Tax Fund (a) a percentage of the net revenue (16 percent of the 6.25 percent tax on general merchandise and general taxable property, respectively, and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Retailers' Occupation Tax and the Illinois Service Occupation Tax and (b) 16 percent of the net revenue realized for the preceding month from the Illinois Use Tax of 6.25 percent on the sale of titled tangible personal property and (ii) the State and Local Sales Tax Reform Fund a percentage of the net revenue (20 percent of the 6.25 percent tax on general taxable property and general taxable tangible personal property, respectively, in each case excluding the sales of titled tangible personal property, and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Use Tax and

the Illinois Service Use Tax. “**Net revenue**” is the revenue collected by the State pursuant to the applicable State Sales Tax Statute, less the amount paid out during that month as refunds to taxpayers for overpayment of liability. With respect to amounts paid into the Local Government Tax Fund, the State Finance Act provides that on or before the 25th day of each calendar month, the State Department of Revenue prepares and certifies to the State Comptroller the disbursement of amounts due to each municipality from amounts collected during the second preceding calendar month on deposit in the Local Government Tax Fund. The State Finance Act requires that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the State Department of Revenue’s certification. With respect to amounts paid into the State and Local Sales Tax Reform Fund, the State Finance Act requires that, subject to appropriation to the State Department of Revenue, the City receives its allocable percentage of the money paid into the State and Local Sales Tax Reform Fund.

The City has irrevocably directed the State Comptroller, the State Treasurer and the Director of the State Department of Revenue to distribute all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller, the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale Agreement, and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. *See* “**SECURITY FOR THE SERIES 2023 BONDS.**”

“TABLE 7. SUMMARY OF SALES TAX REVENUES” summarizes certain aspects of the Sales Tax Revenues.

TABLE 7. SUMMARY OF SALES TAX REVENUES

Tax	Items Taxed	Tax Rate	Percentage of Net Tax Collections Payable to the Corporation	Subject to Annual State Appropriation?
HOME RULE SALES TAXES				
Municipal Retailers' Occupation Tax	Tax imposed on persons selling in the City at retail most items of non-titled tangible personal property. The amount of tax is based on the gross receipts.	1.25%	100%	No
Municipal Service Occupation Tax	Tax imposed on persons making sales in the City of services where tangible personal property or real estate is transferred. The amount of tax is based on the selling price.	1.25%	100%	No
Municipal Use Tax on Titled Personal Property	Tax imposed on the privilege of using within the City titled personal property that is purchased at retail from a retailer and that is titled or registered in the City. The amount of tax is based on the selling price. Collected on sales in Cook County and five contiguous counties.	1.25%	100%	No
STATE SALES TAXES				
Illinois Retailers' Occupation Tax	• Tax imposed on persons engaged in the business of selling at retail tangible personal property (other than grocery food, drugs and medical appliances). The amount of tax is based on the gross receipts.	6.25%	16% ⁽¹⁾	No
	• Tax on grocery food, drugs and medical appliances.	1.00%	100% ⁽¹⁾	No
Illinois Service Occupation Tax	• Tax imposed on persons making sales of service where tangible personal property is transferred (other than grocery food, drugs and medical appliances). The amount of tax is based on the selling price.	6.25%	16% ⁽¹⁾	No
	• Tax on grocery food, drugs and medical appliances.	1.00%	100% ⁽¹⁾	No

Tax	Items Taxed	Tax Rate	Percentage of Net Tax Collections Payable to the Corporation	Subject to Annual State Appropriation?
<u>STATE SALES TAXES (CONT.)</u>				
Illinois Use Tax	<ul style="list-style-type: none"> Tax imposed on the privilege of using in the State most items of titled tangible personal property purchased outside the State. The amount of tax is based on the selling price or fair market value. 	6.25%	16% ⁽¹⁾	No
	<ul style="list-style-type: none"> Tax imposed on the privilege of using in the State most items of non-titled tangible personal property purchased outside the State. The amount of tax is based on the selling price or fair market value. 	6.25%	4%	Yes
	<ul style="list-style-type: none"> Tax on grocery food, drugs and medical appliances purchased outside of the State. 	1.00%	20%	Yes
Illinois Service Use Tax	<ul style="list-style-type: none"> Tax imposed on the privilege of using in the State most items of tangible personal property transferred as an incident to the sale outside the State of a service from a service provider. The amount of tax is based on the selling price. 	6.25%	4%	Yes
	<ul style="list-style-type: none"> Tax on grocery food, drugs and medical appliances transferred as an incident to the sale outside the State of a service from a service provider. 	1.00%	20%	Yes

⁽¹⁾ Represents tax revenues collected on transactions occurring in the City or, with respect to the Illinois Use Tax, personal property titled in the City.

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HISTORICAL COLLECTIONS OF SALES TAX REVENUES

Annual Collections

“TABLE 8. ANNUAL SALES TAX REVENUES” shows the historical annual Sales Tax Revenues on a cash basis from 2012 through 2022.

TABLE 8. ANNUAL SALES TAX REVENUES (2012-2022) (\$ IN THOUSANDS)

Year Ended December 31	Home Rule Sales Tax Revenues ⁽¹⁾	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Sales Tax Revenues	Percent Change Over Prior Year
2012	\$251,055	--	\$295,912	--	\$546,967	--
2013	263,984	5.1%	312,378	5.6%	576,361	5.4%
2014	276,192	4.6	327,379	4.8	603,571	4.7
2015	292,512	5.9	352,841	7.8	645,353	6.9
2016	295,299	1.0	363,448	3.0	658,746	2.1
2017	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020 ⁽²⁾	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)
2021	312,359	24.4	435,442	12.3	747,801	17.1
2022 ⁽³⁾	383,542	22.8	486,202	11.7	869,744	16.3

⁽¹⁾ Shown net of all fees and will be net of all applicable fees going forward.

⁽²⁾ The decrease of Sales Tax Revenues in 2020 reflects the impact of the COVID-19 pandemic.

⁽³⁾ 2022 figures are unaudited.

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Monthly Collections

“TABLE 9. MONTHLY HOME RULE SALES TAX REVENUES” and “TABLE 10. MONTHLY LOCAL SHARE SALES TAX REVENUES” set out the historical monthly Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues, respectively, on a cash basis from 2017 through 2022.

TABLE 9. MONTHLY HOME RULE SALES TAX REVENUES (2017-2022) (\$ IN THOUSANDS)

Month ⁽¹⁾	2017	2018	2019	2020	2021	2022 ⁽²⁾
January	\$ 25,379	\$ 24,723	\$ 26,520	\$ 27,689	\$ 20,313	\$ 30,085
February	24,036	23,926	24,795	25,246	18,108	29,989
March	27,607	27,585	28,139	29,071	22,204	35,467
April	20,064	20,774	19,720	21,463	19,000	24,313
May	20,301	20,721	20,592	19,908	18,841	24,364
June	24,033	25,433	25,751	17,108	29,178	32,079
July	23,935	23,918	25,011	12,937	27,630	31,751
August	25,163	26,888	27,206	15,970	29,751	33,957
September	26,535	27,942	28,124	18,623	32,572	36,067
October	25,205	25,902	26,972	21,286	31,614	34,020
November	25,206	27,205	27,536	20,542	31,196	37,087
December	25,525	26,257	26,690	21,258	31,953	34,361
TOTAL ⁽³⁾	<u>\$292,991</u>	<u>\$301,275</u>	<u>\$307,056</u>	<u>\$251,101</u>	<u>\$312,359</u>	<u>\$383,542</u>

(1) Home Rule Sales Tax Revenues shown net of all fees.

(2) 2022 figures are unaudited.

(3) Due to rounding, some totals may not correspond with the sum of the separate figures.

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TABLE 10. MONTHLY LOCAL SHARE SALES TAX REVENUES (2017-2022) (\$ IN THOUSANDS)

Month	2017	2018	2019	2020	2021	2022 ⁽¹⁾
January	\$ 31,241	\$ 31,621	\$ 34,696	\$ 37,308	\$ 33,205	\$ 38,420
February	29,967	31,625	33,781	34,313	32,247	40,236
March	36,939	37,515	38,976	41,229	41,320	47,088
April	26,245	27,757	27,484	31,192	28,722	33,988
May	25,812	27,258	28,806	28,465	27,627	33,416
June	30,631	32,625	33,906	29,739	38,295	40,860
July	29,353	30,141	33,057	26,359	36,340	38,825
August	30,940	33,356	34,948	28,985	38,128	41,841
September	32,517	34,564	35,693	31,273	40,735	44,899
October	30,948	32,705	35,177	33,348	38,818	41,208
November	32,020	33,351	34,862	32,111	39,379	41,506
December	32,034	33,634	35,379	33,303	40,623	43,916
TOTAL ⁽²⁾	<u>\$368,647</u>	<u>\$386,152</u>	<u>\$406,764</u>	<u>\$387,625</u>	<u>\$435,442</u>	<u>\$486,202</u>

⁽¹⁾ 2022 figures are unaudited.

⁽²⁾ Due to rounding, some totals may not correspond with the sum of the separate figures.

March 2022 was the highest month of Sales Tax Revenues in the period shown, with September 2022 being the second highest month and November 2022 being the third highest month. Since June 2021, Sales Tax Revenues in each month have exceeded the monthly Sales Tax Revenues for the same month in 2019.

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Components of Annual Collections

“TABLE 11. COMPONENTS OF SALES TAX REVENUES” shows on a cash basis the components of the Sales Tax Revenues from fiscal years 2017 through 2022. Certain preliminary components of Sales Tax Revenues for 2022 are figures derived from the Corporation’s general ledger.

TABLE 11. COMPONENTS OF SALES TAX REVENUES (2017-2022) (\$ IN THOUSANDS)

Tax	2017		2018		2019		2020		2021		2022 ⁽¹⁾	
	Amount Collected	Percent of Total	Amount Collected	Percent of Total								
HOME RULE SALES TAXES ⁽²⁾ :												
Retailers’ and Service Occupation Taxes	\$256,238	38.7%	\$263,974	38.4%	\$269,012	37.7%	\$211,321	33.1%	\$264,243	35.4%	\$338,635	38.9%
Use Taxes	36,753	5.6	37,301	5.4	38,044	5.3	39,780	6.2	48,117	6.4	44,907	5.2
STATE SALES TAXES:												
Retailers’ and Service Occupation ⁽³⁾ Use ⁽⁴⁾	\$283,815	42.9%	\$293,204	42.7	\$299,963	42.0%	\$256,775	40.2%	\$303,561	40.6%	\$359,988	41.4%
	84,832	12.8	92,948	13.5	106,801	15.0	130,850	20.5	131,881	17.6	126,214	14.5
TOTAL ⁽⁵⁾	<u>\$661,638</u>	<u>100.0%</u>	<u>\$687,427</u>	<u>100.0%</u>	<u>\$713,820</u>	<u>100.0%</u>	<u>\$638,726</u>	<u>100.0%</u>	<u>\$747,801</u>	<u>100.0%</u>	<u>\$869,744</u>	<u>100.0%</u>

(1) 2022 figures are unaudited.

(2) Home Rule Sales Tax Revenues shown net of all fees.

(3) Includes Illinois Use Tax on titled personal property.

(4) Excludes Illinois Use Tax on titled personal property.

(5) Due to rounding, some totals may not correspond with the sum of the separate figures.

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Sales Taxes Subject to Appropriation

The local share of the Illinois Use Tax and Illinois Service Use Tax are subject to annual appropriation by the Illinois General Assembly. “TABLE 12. STATE APPROPRIATION OF SALES TAX REVENUES” shows the breakout of amounts subject to appropriation by month from 2018 through 2022.

TABLE 12. STATE APPROPRIATION OF SALES TAX REVENUES (2018-2022) (\$ IN THOUSANDS)

Payment Month	Payment Year	Monthly Receipts ⁽²⁾	Home Rule Sales Taxes ⁽¹⁾		State Sales Taxes	
			Retailers’ and Service Occupation Taxes	Use Taxes	Retailers’ and Service Occupation Taxes ⁽³⁾	Use and Service Use Taxes ⁽⁴⁾
January	2018	\$56,344	\$21,868	\$2,855	\$24,312	\$ 7,309
February	2018	55,551	21,011	2,915	23,301	8,324
March	2018	65,100	24,647	2,938	27,226	10,289
April	2018	48,531	18,238	2,536	21,264	6,493
May	2018	47,979	18,144	2,577	20,607	6,651
June	2018	58,058	21,803	3,630	24,781	7,844
July	2018	54,059	20,852	3,066	23,179	6,962
August	2018	60,245	23,460	3,429	25,847	7,509
September	2018	62,506	24,538	3,405	26,587	7,977
October	2018	58,607	22,534	3,368	24,939	7,766
November	2018	60,557	23,861	3,344	25,921	7,430
December	2018	59,891	23,019	3,238	25,240	8,394
January	2019	61,216	23,379	3,141	25,864	8,832
February	2019	58,577	21,778	3,017	24,105	9,676
March	2019	67,115	25,002	3,137	27,465	11,510
April	2019	47,204	17,400	2,320	20,426	7,058
May	2019	49,398	17,889	2,703	20,813	7,993
June	2019	59,656	22,088	3,663	24,943	8,963
July	2019	58,068	21,730	3,281	24,525	8,532
August	2019	62,154	23,753	3,453	26,383	8,565
September	2019	63,816	24,772	3,352	27,001	8,692
October	2019	62,149	23,547	3,425	26,267	8,910
November	2019	62,398	24,012	3,524	26,287	8,575
December	2019	62,069	23,662	3,028	25,884	9,495
January	2020	64,997	24,449	3,241	26,972	10,336
February	2020	59,559	21,864	3,383	24,573	9,740
March	2020	70,299	25,609	3,462	28,201	13,027
April	2020	52,654	18,947	2,515	21,892	9,300
May	2020	48,373	17,067	2,841	20,265	8,201
June	2020	46,847	14,794	2,314	19,554	10,185
July	2020	39,296	10,978	1,958	15,631	10,729
August	2020	44,955	12,630	3,341	17,155	11,830
September	2020	49,896	14,437	4,186	19,339	11,934
October	2020	54,635	16,864	4,422	21,290	12,058
November	2020	52,653	16,360	4,181	20,586	11,525
December	2020	54,561	17,322	3,936	21,318	11,985

TABLE 12. STATE APPROPRIATION OF SALES TAX REVENUES (2018-2022) (\$ IN THOUSANDS) (cont.)

Payment Month	Payment Year	Monthly Receipts ⁽²⁾	Home Rule Sales Taxes ⁽¹⁾		State Sales Taxes	
			Retailers' and Service Occupation Taxes	Use Taxes	Retailers' and Service Occupation Taxes ⁽³⁾	Use and Service Taxes ⁽⁴⁾
January	2021	\$53,519	\$16,693	\$3,621	\$20,691	\$12,514
February	2021	50,355	14,839	3,269	18,971	13,276
March	2021	63,524	18,612	3,592	22,959	18,361
April	2021	47,722	16,591	2,409	19,257	9,465
May	2021	46,468	15,773	3,067	19,090	8,538
June	2021	67,473	24,190	4,988	27,633	10,662
July	2021	63,970	22,859	4,771	26,570	9,770
August	2021	67,879	24,897	4,853	29,063	9,065
September	2021	73,307	27,822	4,750	30,530	10,205
October	2021	70,432	27,049	4,565	29,252	9,566
November	2021	70,575	27,040	4,156	29,331	10,047
December	2021	72,576	27,878	4,075	30,212	10,411
January ⁽⁵⁾	2022	68,505	26,265	3,820	28,651	9,769
February ⁽⁵⁾	2022	70,224	26,282	3,707	28,918	11,317
March ⁽⁵⁾	2022	82,555	31,772	3,695	32,985	14,103
April ⁽⁵⁾	2022	58,301	21,228	3,085	24,329	9,658
May ⁽⁵⁾	2022	57,780	21,233	3,131	24,060	9,356
June ⁽⁵⁾	2022	72,940	27,776	4,304	30,044	10,816
July ⁽⁵⁾	2022	70,576	27,840	3,911	29,982	8,843
August ⁽⁵⁾	2022	75,798	29,996	3,961	31,886	9,955
September ⁽⁵⁾	2022	80,966	32,252	3,815	33,785	11,113
October ⁽⁵⁾	2022	75,228	30,446	3,574	31,393	9,815
November ⁽⁵⁾	2022	78,594	33,035	4,053	31,347	10,159
December ⁽⁵⁾	2022	78,277	30,509	3,852	32,606	11,310

(1) Home Rule Sales Tax Revenues shown net of all fees.

(2) Due to rounding, some totals may not correspond with the sum of the separate figures.

(3) Includes Illinois Use Tax on titled personal property.

(4) Excludes Illinois Use Tax on titled personal property.

(5) 2022 figures are unaudited.

Sales Tax Revenues subject to annual appropriation by the State as a share of total Sales Tax Revenues were 20.5 percent in 2020, 17.6 percent in 2021 and 14.5 percent in 2022.

PROJECTED SALES TAX REVENUES

2023 Budget Forecast Background

In August 2022, the City released its 2023 Budget Forecast, which projected Corporate Fund revenues and expenses through 2025. The projected Sales Tax Revenues presented in this section update the 2023 Budget Forecast with 2022 actual collections, while maintaining the same assumptions concerning future year growth. Sales Tax Revenues in this section are shown on a cash basis.

Forecasts of the Sales Tax Revenues vary and are influenced by assumptions about the ongoing recovery from the COVID-19 pandemic. The City based its scenarios about the future economic conditions on an extensive review of forecasts from multiple sources, including conducting econometric modeling. The forecast is based on information available to the City at the time of the release and, as with any forecast,

cannot fully anticipate the impact of future events, such as the amount of additional federal funding to support the recovery of the City's economy or the pace of growth.

Sales Tax Revenues are not included in the Budget Forecast as they are not property of the City. Instead, the Residual Revenues are included as a component of Proceeds and Transfers In Revenues. In order to calculate projected Residual Revenues, the City prepared a projection of the Sales Tax Revenues, as described below.

Forecast Assumptions

The City prepared three forecast scenarios: a base outlook, a negative outlook and a positive outlook. The Sales Tax Revenues are consumer based, and, as a result, the baseline GDP assumptions for each of these revenue streams serves as a basis for the projections. The primary driver of economic conditions and changes in GDP in the near term is the recovery from the COVID-19 pandemic. The City's forecast scenarios make different assumptions about the course and duration of the recovery and resultant effects on GDP and Sales Tax Revenues.

The Sales Tax Revenues were forecast through 2025 using projections of economic and demographic variables as well as trends and quarterly seasonality in economic activity and/or receipts. The economic and demographic variables include GDP, total employed residents, total employment, unemployment rate, personal income, and population of Illinois and the Chicago-Naperville-Arlington Heights Metropolitan Division ("**MSAD**"). The City's GDP forecasts were constructed using third party sources, including MSAD data from Oxford Economics and Congressional Budget Office Forecasts, along with historical data from Oxford Economics for the first quarter of 2001 to the fourth quarter of 2021, and three forecast scenarios (2022 – 2025) of economic and demographic variables at the national, state, and MSAD levels. The underlying forecasts used by the City, adjusted for City-specific factors, are generally consistent with forecasts made by other nationally recognized firms or agencies and consensus forecast averages as of July 2022.

The base outlook assumes a continued recovery through 2023 that lessens slightly but continues in 2024 and 2025. The City assumes this is the most likely scenario. The City maintains conservative projections on Sales Tax Revenue growth, most of which is based on the Consumer Price Index (CPI). The City assumes CPI growth to be 2.5 percent in 2023. This compares conservatively to both Moody's Investors Service ("**Moody's**") and S&P Global Ratings ("**S&P**"), which assume 4.1 percent CPI and 3.7 percent CPI, respectively, for 2023. Moody's CPI assumptions for 2024 and 2025 are 2.3 percent and 2.2 percent, respectively, while S&P's CPI assumptions for 2024 and 2025 are 1.6 percent and 1.4 percent, respectively. The City assumes this is the most likely scenario.

The positive outlook assumes a more optimistic outlook, with economic conditions improving significantly as concerns over the COVID-19 pandemic and rising inflation fade and consumer spending drives revenue collections.

Under the negative outlook, current economic uncertainties will lead to a decline in revenue in 2024 followed by muted growth in 2025.

SALES TAX FORECAST

"TABLE 13. 2023 BUDGET FORECAST – SALES TAX REVENUES" sets forth the Home Rule Sales Tax Revenue and Local Share Sales Tax Revenue on a historical basis for 2012 through 2022 and the Corporation's baseline projection for 2023 through 2025.

TABLE 13. 2023 BUDGET FORECAST – SALES TAX REVENUES (2012-2025) (\$ IN THOUSANDS)

Year Ended December 31	Home Rule Sales Tax Revenues ⁽¹⁾	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Sales Tax Revenues ⁽²⁾	Percent Change Over Prior Year
HISTORICAL REVENUES						
2012	\$251,055	--	\$295,912	--	\$546,967	--
2013	263,984	5.1%	312,378	5.6%	576,361	5.4%
2014	276,192	4.6	327,379	4.8	603,571	4.7
2015	292,512	5.9	352,841	7.8	645,353	6.9
2016	295,299	1.0	363,448	3.0	658,746	2.1
2017	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)
2021	312,359	24.4	435,442	12.3	747,801	17.1
2022 ⁽³⁾	383,542	22.8	486,202	11.7	869,744	16.3
PROJECTED REVENUES						
2023 Projected	\$403,760	5.3%	\$512,064	5.3%	\$915,824	5.3%
2024 Projected	413,526	2.4	527,411	3.0	940,937	2.7
2025 Projected	423,944	2.5	543,178	3.0	967,122	2.8

⁽¹⁾ Home Rule Sales Tax Revenues shown net of all fees.

⁽²⁾ Due to rounding, some totals may not correspond with the sum of the separate figures.

⁽³⁾ 2022 figures are unaudited.

SALES TAX REVENUES NOT LEGALLY AVAILABLE FOR ANY OTHER PURPOSE

Pursuant to the Act, the State has exercised its right to control the disposition of the Sales Tax Revenues and determined that the Sales Tax Revenues, once sold, are no longer property of the City. Once sold pursuant to the Sale Agreement, the Sales Tax Revenues are no longer legally available for any other purpose of the City, including payment of the City’s general obligation bonds or any other indebtedness of the City.

CITY-COLLECTED SALES TAXES NOT PLEDGED TO SECURED OBLIGATIONS

Certain sales taxes (the “City-Collected Sales Taxes”) imposed by the City are collected by the City and are not part of the Sales Tax Revenues pledged to secure the Secured Obligations, including the Series 2023 Bonds. The City-Collected Sales Taxes consist of (a) the use tax on non-titled personal property authorized by the Home Rule Municipal Use Tax Act of the State, and (b) the use tax on titled personal property on sales outside the six-county area authorized by the Home Rule Municipal Use Tax Act of the State.

The City-Collected Sales Taxes are funds of the City. The City-Collected Sales Taxes are not included in the Sales Tax Revenues, are not assigned to the Corporation pursuant to the Sale Agreement

and are not subject to the liens of the Senior Lien Indenture or the Second Lien Indenture. The City may apply the City-Collected Sales Taxes for any purpose and may incur indebtedness secured by the City-Collected Sales Taxes. The Trustee and the holders of the Secured Obligations have no right to the City-Collected Sales Taxes under any circumstance, including a deficiency in the Sales Tax Revenues.

The Senior Lien Indenture and the Second Lien Indenture do not create indebtedness of the City for any purpose, including constitutional or statutory limitations.

OUTSTANDING SECURED OBLIGATIONS

“TABLE 14. OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS” sets forth the Series, original principal amounts, current Outstanding principal amounts and maturity dates for the Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds, following the issuance of the Series 2023 Bonds and implementation of the Financing Plan. The following Outstanding principal amounts are as of the date of issuance of the Series 2023 Bonds and reflect a reduction of the Outstanding principal amount based on the payments of principal on January 1, 2023.

TABLE 14. OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS

Series	Original Principal Amount	Outstanding Principal Amount	Final Maturity Date
SENIOR LIEN BONDS:			
Series 2017A	\$ 172,065,000	\$ 135,070,000	January 1, 2030
Series 2017B	400,630,000	400,630,000	January 1, 2043
Series 2017C	171,040,000	141,135,000	January 1, 2030
Series 2018A	376,305,000	376,305,000	January 1, 2048
Series 2018B	303,975,000	303,975,000	January 1, 2048
Series 2018C	612,420,000	582,755,000	January 1, 2048
Series 2019A	605,430,000	593,400,000	January 1, 2048
Series 2023A	100,449,000	100,449,000	January 1, 2044
Series 2023B	59,422,000	59,422,000	January 1, 2041
Series 2023C	74,985,000	74,985,000	January 1, 2039
TOTAL SENIOR LIEN BONDS	\$2,876,721,000	\$2,768,126,000	
SECOND LIEN BONDS:			
Series 2020A	\$ 521,105,000	\$ 521,105,000	January 1, 2040
Series 2020B	495,810,000	471,405,000	January 1, 2043
Series 2021A	394,155,000	394,155,000	January 1, 2034
Series 2021B	609,865,000	539,865,000	January 1, 2048
Series 2023A	142,145,000	142,145,000	January 1, 2037
Series 2023B	363,455,000	363,455,000	January 1, 2033
TOTAL SECOND LIEN BONDS	\$2,526,535,000	\$2,432,130,000	
TOTAL SENIOR LIEN BONDS AND SECOND LIEN BONDS	\$5,403,256,000	\$5,200,256,000	

ANNUAL DEBT SERVICE

“TABLE 15. ANNUAL DEBT SERVICE ON OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS” sets forth the debt service requirements for all Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds after giving effect to the implementation of the Financing Plan and the issuance of the Series 2023 Bonds.

TABLE 15. ANNUAL DEBT SERVICE ON OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS

Year Ending January 1,	Senior Lien Series 2023 Bonds			AGGREGATE SENIOR LIEN BONDS ⁽¹⁾	Second Lien Series 2023 Bonds			AGGREGATE SECOND LIEN BONDS ⁽¹⁾	AGGREGATE SENIOR LIEN BONDS AND SECOND LIEN BONDS ⁽¹⁾
	Principal	Interest	Capitalized Interest		Principal	Interest	Capitalized Interest		
2024	--	\$ 10,262,900	\$ 6,836,502	\$ 173,775,978	\$ 43,690,000	\$ 22,128,669	--	\$ 206,399,266	\$ 380,175,244
2025	--	11,229,921	7,480,671	174,098,321	27,425,000	22,079,241	--	207,608,966	381,707,287
2026	\$ 4,000,000	11,229,921	--	185,580,225	44,915,000	20,827,564	--	211,242,356	396,822,580
2027	10,319,000	11,095,841	--	191,761,054	15,470,000	18,780,338	--	203,933,630	395,694,684
2028	7,279,000	10,749,208	--	188,377,562	69,935,000	18,071,657	--	241,121,949	429,499,511
2029	11,017,000	10,394,197	--	191,756,677	11,155,000	14,796,067	--	172,174,609	363,931,286
2030	5,744,000	9,937,325	--	186,030,529	74,570,000	14,273,344	--	255,561,136	441,591,666
2031	11,760,000	9,656,662	--	191,763,564	80,935,000	10,741,709	--	249,896,251	441,659,815
2032	12,342,000	9,076,118	--	191,763,853	38,080,000	6,818,790	--	178,395,253	370,159,105
2033	12,760,000	8,466,224	--	191,572,908	48,935,000	4,965,436	--	222,059,370	413,632,278
2034	13,557,000	7,838,107	--	191,744,499	49,340,000	2,524,500	--	184,166,988	375,911,487
2035	7,605,000	7,162,858	--	185,116,105	--	57,500	--	91,217,768	276,333,873
2036	8,355,000	6,782,608	--	185,488,016	--	57,500	--	140,276,446	325,764,462
2037	15,015,000	6,364,858	--	191,729,375	1,150,000	57,500	--	113,745,715	305,475,090
2038	15,760,000	5,614,108	--	191,720,699	--	--	--	153,462,211	345,182,910
2039	16,476,000	4,826,108	--	191,652,198	--	--	--	98,867,877	290,520,075
2040	17,081,000	3,978,206	--	191,746,972	--	--	--	116,734,835	308,481,807
2041	17,981,000	3,074,109	--	191,743,240	--	--	--	135,228,474	326,971,714
2042	18,855,000	2,201,700	--	191,743,583	--	--	--	59,403,219	251,146,802
2043	19,603,000	1,447,500	--	191,738,568	--	--	--	78,037,466	269,776,034
2044	9,347,000	467,350	--	180,500,092	--	--	--	6,342,194	186,842,286
2045	--	--	--	170,684,919	--	--	--	6,101,949	176,786,868
2046	--	--	--	170,689,262	--	--	--	7,433,873	178,123,135
2047	--	--	--	170,685,662	--	--	--	5,145,561	175,831,223
2048	--	--	--	170,686,008	--	--	--	11,336,179	182,022,187
TOTAL⁽¹⁾	\$234,856,000	\$151,855,828	\$14,317,172	\$4,634,149,869	\$505,600,000	\$156,179,814	--	\$3,355,893,540	\$7,990,043,409

⁽¹⁾ Due to rounding, some totals may not correspond with the sum of the separate figures.

Based on unaudited Fiscal Year 2022 Sales Tax Revenues, coverage of aggregate maximum annual debt service for the Senior Lien Bonds is expected to be 4.54x and coverage of aggregate maximum annual debt service for the Second Lien Bonds is expected to be 1.97x following the issuance of the Series 2023 Bonds.

THE CORPORATION

GENERAL

The Corporation is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the provisions of the Corporation Act and organized in accordance with the City 2017 Ordinance. The Corporation was organized for the limited purpose of purchasing the Sales Tax Revenues and issuing bonds, notes or other obligations for the benefit of the City.

BOARD OF DIRECTORS

For purposes of this section “– **BOARD OF DIRECTORS,**” the following terms shall have the following respective meanings:

“**Affiliated Corporate Entity**” means any corporation, partnership, limited liability company or other legal entity established pursuant to an ordinance adopted by the City Council and whose governing body is appointed by the City.

“**Affiliated Local Government**” means the Board of Education of the City of Chicago, the Chicago Transit Authority, the Chicago Park District, Community College District No. 508, County of Cook and State of Illinois, and the Chicago Housing Authority.

“**City Elected Official**” means the Mayor, the City Treasurer, the City Clerk and each Alderman of the City.

“**Do Business,**” “**Doing Business**” and “**Done Business**” mean any one or any combination of sales, purchases, leases or contracts in an amount in excess of \$10,000 in any 12 consecutive months.

“**Familial Relationship**” means any person who is related as spouse or domestic partner or as any of the following, whether by blood or by adoption: parent, child, brother, sister, aunt, uncle, niece, nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother or half-sister.

“**State Elected Official**” means the Governor of the State, the Lieutenant Governor of the State, the Attorney General of the State, the Secretary of State, the State Comptroller, the State Treasurer and each member of the Illinois General Assembly.

The Corporation is a non-stock corporation, has no members and is governed by a board of directors (the “**Board**”). Except as described below with respect to a Specified Vote (as defined herein), the Board has five voting directors: (i) *ex officio*, the Chief Financial Officer of the City; (ii) *ex officio*, the Budget Director of the City; (iii) *ex officio*, the Comptroller of the City; (iv) the Chair (the “**Finance Chair**”) of the Committee on Finance of the City Council (the “**Finance Committee**”) or, in lieu of the Finance Chair, a member of the Finance Committee designated by the Finance Chair and approved by the Mayor of the City (the “**Finance Committee Designee**”); and (v) the Chair (the “**Budget Chair**”) of the Committee on

Budget and Government Operations of the City Council (the “**Budget Committee**”) or, in lieu of the Budget Chair, a member of the Budget Committee designated by the Budget Chair and approved by the Mayor (the “**Budget Committee Designee**”). The size of the Board will be increased to six voting directors in the event that the Board determines to take an action that would constitute a Specified Vote, in which case the sixth voting member of the Board (the “**Independent Director**”) will be a director independent of the City who has not been, in the preceding five years, (i) a direct or indirect legal or beneficial owner in the Corporation or any person or entity that, directly or indirectly through one or more intermediaries, has a 10 percent or more voting or economic interest in the Corporation or controls, is controlled by or is under common control with the Corporation (each such person or entity, an “**Affiliate**”); (ii) a creditor, supplier, employee, officer, family member, manager or contractor of the Corporation or any of its Affiliates; or (iii) a person who controls (whether directly, indirectly or otherwise) the Corporation or any of its Affiliates.

In the Sale Agreement, the City covenants that any Independent Director will not have any of the relationships described hereafter (collectively, “**Prohibited Relationships**”). The Independent Director (i) will not be a City Elected Official, a State Elected Official or a member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (ii) will not have a Familial Relationship with any City Elected Official, any State Elected Official or any member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (iii) will not have a Familial Relationship with any person who is an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State; (iv) will not be an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State, and will not have been such an employee within the five years preceding the date of appointment; or (v) will not be Doing Business or seeking to Do Business with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State, and will not, within the five years preceding the date of appointment, have Done Business with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State.

The bylaws of the Corporation provide that an Independent Director must be appointed to the Board prior to any vote of the Board to (i) cause the Corporation to file, consent to the filing of or join in any filing of a petition for bankruptcy or commence a proceeding to liquidate, wind up or otherwise cease operations (in taking such action, the Board shall consider the interests of the creditors of the Corporation in connection with all such actions); (ii) dissolve, liquidate, consolidate, combine, merge or sell substantially all of the Corporation’s assets (subject to the provision in the Corporation’s bylaws that while any portion of any obligation issued by the Corporation is outstanding, the Corporation may not dissolve, liquidate, consolidate, merge or sell the assets of the Corporation pledged to the payment of such obligations); (iii) amend the Corporation’s bylaws or any other organizational documents of the Corporation in a manner adverse to the interests of the holders of any obligations of the Corporation then outstanding; or (iv) take any other action which could be adverse to the interests of any holders of then-outstanding obligations issued by the Corporation (each, a “**Specified Vote**”). Any Specified Vote shall become effective only upon the affirmative vote of all members of the Board, including the Independent Director, and a Specified Vote may not be taken or become effective during any period in which there is a vacancy in any director position.

DIRECTORS AND OFFICERS

The Corporation’s current directors and officers, and their principal occupations, are set forth under “**PROFESSIONALS INVOLVED IN THE OFFERING**” in the forepart of this Offering Circular.

The Corporation has no other officers, directors or employees.

FINANCIAL DISCUSSION AND ANALYSIS

Fund Structure

The Corporation organizes its activities by two funds: the General Fund and the Debt Service Fund. The General Fund is the Corporation's general operating fund. Residual Revenues are recorded in the General Fund. The Debt Service Fund is used to account for the payment of principal and interest on the Corporation's Secured Obligations. Both funds of the Corporation are accounted for separately and presented on a consolidated basis as Governmental Funds.

Selected Financial Information

"TABLE 16. HISTORICAL OPERATING RESULTS – GOVERNMENTAL FUNDS" sets forth revenues, expenditures and other financing sources for the Corporation for fiscal (calendar) years 2018 through 2021 and represents the Governmental Funds. The financial information is based on the modified accrual basis of accounting as reported in the Corporation's audited basic financial statements. This table should be read in conjunction with the financial information for fiscal years 2020 and 2021 set forth in "APPENDIX G – SALES TAX SECURITIZATION CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021."

TABLE 16. HISTORICAL OPERATING RESULTS – GOVERNMENTAL FUNDS (2018-2021) (\$ IN THOUSANDS)

	2018	2019	2020	2021
REVENUES:				
Local and State Sales Tax Revenues	\$ 697,340	\$ 721,769	\$ 611,268	\$ 801,688
Investment Income	--	--	901	517
Interest and Other Fiscal Charges	--	--	85	--
TOTAL REVENUES	<u>\$ 697,340</u>	<u>\$ 721,769</u>	<u>\$ 612,254</u>	<u>\$ 802,205</u>
EXPENDITURES:				
Interest and Other Fiscal Charges	\$ 67,161	\$ 120,314	\$ 165,193	\$ 164,248
Principal Retirement	--	3,000	3,150	--
General and Administrative	256	238	205	184
Payments to City	608,221	615,744	475,658	640,589
Amortization of Deferred Outflow	70,809	114,838	164,055	168,719
TOTAL EXPENDITURES	<u>\$ 746,447</u>	<u>\$ 854,134</u>	<u>\$ 808,261</u>	<u>\$ 973,740</u>
OTHER FINANCING SOURCES:				
Bond Proceeds	\$1,292,700	\$ 605,430	\$1,016,915	\$1,004,020
Premium on Bonds	110,063	--	113,387	102,603
Payment to Refunded Bond Escrow Agent	--	--	--	(48,722)
Transfers In	--	--	--	48,722
Transfers Out	--	--	--	(48,722)
TOTAL OTHER FINANCING SOURCES	<u>\$1,402,763</u>	<u>\$ 605,430</u>	<u>\$1,130,302</u>	<u>\$1,057,901</u>
NET CHANGE IN FUND BALANCE	<u>\$1,353,656</u>	<u>\$ 473,065</u>	<u>\$ 934,295</u>	<u>\$ 886,366</u>
FUND BALANCE – BEGINNING OF PERIOD	<u>\$ 795,307</u>	<u>\$2,148,963</u>	<u>\$2,622,028</u>	<u>\$3,556,323</u>
FUND BALANCE – END OF PERIOD	<u>\$2,148,963</u>	<u>\$2,622,028</u>	<u>\$3,556,323</u>	<u>\$4,442,689</u>

THE SALE AGREEMENT

The following summary describes certain terms and effects of the Sale Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Sale Agreement. Copies of the Sale Agreement may be obtained upon written request to the Trustee.

The Corporation has purchased all of the City's right, title and interest in and to the Sales Tax Revenues from the City pursuant to the Sale Agreement. The Corporation has no financial assets available for payment of Senior Lien Bonds or Subordinated Indebtedness (which Subordinated Indebtedness includes Second Lien Bonds), other than the Sales Tax Revenues and the other collateral pledged under the Senior Lien Indenture or the Second Lien Indenture.

Division 13 of Article 8 of the Illinois Municipal Code (65 ILCS 5/8-13-5), as amended (the "Act"), authorizes any home rule municipality to enter into agreements to assign, sell, transfer or otherwise convey all or any part of any revenues or taxes that it receives from the State Comptroller, the State Treasurer or the State Department of Revenue to a corporation, trust or other entity that has been established for the limited purpose of issuing obligations for the benefit of such home rule municipality.

As authorized by the Act, the City and the Corporation executed and entered into, and the Trustee acknowledged and agreed to, an Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, as amended (the "**Sale Agreement**"), contemporaneously with the Corporation's initial issuance of the Senior Lien Series 2017 Bonds on December 14, 2017 (the "**Sale Date**"). Pursuant to the Sale Agreement, the City sold and conveyed to the Corporation, without recourse (subject to the obligations contained in the Sale Agreement), all right, title and interest of the City on the Sale Date in and to the Sales Tax Revenues. The purchase price paid and to be paid by the Corporation to the City under the Sale Agreement consists of the net proceeds of any Senior Lien Bonds (other than Senior Lien Bonds issued as Refunding Bonds (as defined in the Master Indenture)), any Subordinated Indebtedness (other than Subordinated Indebtedness issued to refund outstanding Secured Obligations) and an instrument (the "**Residual Certificate**") which was initially issued to, and is currently held by, the City, which entitles the holder thereof to receive all funds that are on deposit in the Residual Fund ("**Residual Revenues**") each month after the required payments on such Secured Obligations and other payments and deposits required under the Senior Lien Indenture and the Second Lien Indenture have been made. See "**- RESIDUAL REVENUES; MODIFICATION OF SENIOR LIEN INDENTURE AND SECOND LIEN INDENTURE**" below.

On the Sale Date, the City irrevocably directed the State Comptroller and the State Treasurer and the Director of the State Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller, the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale Agreement, and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. See "**SECURITY FOR THE SERIES 2023 BONDS.**"

Upon receipt of any Sales Tax Revenues, the Trustee will immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund. The Sales Tax Revenues are not legally available for any other purpose of the City, including payment of the City's general obligation bonds or any other indebtedness of the City. See "**SALES TAX REVENUES – SALES TAX REVENUES NOT LEGALLY AVAILABLE FOR ANY OTHER PURPOSE.**" The Act provides that obligations issued by the Corporation shall be secured by a statutory lien (with the meaning given to such term in Section 101(53) of the Bankruptcy Code) on the Sales Tax Revenues received or entitled to be received by the Corporation, which shall automatically attach from the time such obligations are issued without further action or authorization

by the Corporation or any other entity. *See* “**SECURITY FOR THE SERIES 2023 BONDS – STATUTORY LIEN.**”

CONVEYANCE OF CERTAIN SALES TAX REVENUES

For purposes of this section “– **CONVEYANCE OF CERTAIN SALES TAX REVENUES,**” the following term shall have the following meaning:

“**Conveyance Period**” means the period of time during which the conveyance of the Sales Tax Revenues by the City to the Corporation pursuant to the Sale Agreement is effective, *i.e.*, from the Sale Date until the date on which there are no Secured Obligations remaining Outstanding and the Senior Lien Indenture has been discharged in accordance with its terms and the Second Lien Indenture has been discharged in accordance with its terms, as applicable.

Pursuant to the Sale Agreement, the City has irrevocably sold and conveyed to the Corporation, absolutely and unconditionally, as of the Sale Date and for the duration of the Conveyance Period, without recourse (subject to certain continuing obligations in the Sale Agreement) in accordance with and subject to the terms of the Sale Agreement, all right, title and interest of the City on the Sale Date in and to the Sales Tax Revenues. As consideration for such sale and conveyance of the Sales Tax Revenues by the City to the Corporation, the Corporation paid, without recourse, to the City the Residual Certificate and the proceeds of previously issued Senior Lien Bonds and Second Lien Bonds. *See* “**SECURITY FOR THE SERIES 2023 BONDS – SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.**” The Corporation will pay and otherwise convey to or upon the order of the City, (a) on the date of issuance of the Series 2023 Bonds, the portion of the proceeds of the Series 2023 Bonds to be used by the City in connection with the Financing Plan, and (b) on their respective date of issuance, the net proceeds of any other Senior Lien Bonds and any other Subordinated Indebtedness (excluding the net proceeds of any Additional Bonds or Subordinated Indebtedness issued to refund any Secured Obligations of the Corporation).

In accordance with the Act, the sale and conveyance and other transfer of the right to receive the Sales Tax Revenues will for all purposes: (i) constitute a “true sale” and absolute conveyance of all right, title, and interest therein and not a pledge or other security interest for any borrowing, (ii) be valid, binding and enforceable in accordance with the terms of the Sale Agreement, the Senior Lien Indenture and the Second Lien Indenture and (iii) not be subject to disavowal, disaffirmance, cancellation or avoidance by reason of the insolvency of any party, lack of consideration, or any other fact, occurrence or rule of law.

The Sale Agreement provides that the right of the Corporation to receive the Sales Tax Revenues and the right of the City to convey the Sales Tax Revenues, on and after the Sale Date, are each valid and enforceable. During the Conveyance Period for which the Sales Tax Revenues are payable to the Corporation and pledged under the Senior Lien Indenture or the Second Lien Indenture, the right of the Corporation to receive the Sales Tax Revenues will be superior and prior to the right and claim of the owner of the Residual Certificate to receive the Residual Revenues. Notwithstanding anything to the contrary in the Senior Lien Indenture, the Second Lien Indenture or the Residual Certificate, the Trustee will not make any deposits to the Residual Fund unless and until the deposits required to be made by the Senior Lien Indenture and/or the Second Lien Indenture as described below under “**SECURITY FOR THE SERIES 2023 BONDS – FLOW OF FUNDS**” have been made in full.

From and after the Sale Date during the Conveyance Period, all Sales Tax Revenues assigned by the City pursuant to the Act and paid to the Trustee will be applied in accordance with the provisions of the Senior Lien Indenture and/or the Second Lien Indenture. In the event the City should receive in error any payments or other funds constituting Sales Tax Revenues after the Sale Date, the City will promptly

disburse the same to the Trustee, as directed. Upon receipt of any Sales Tax Revenues, the Trustee will immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund.

The City will cooperate with the Corporation to the fullest extent permitted by law, including the Act, to assure receipt by the Corporation of all of the Sales Tax Revenues when and as due in accordance with the Sale Agreement.

RESIDUAL REVENUES; MODIFICATION OF SENIOR LIEN INDENTURE AND SECOND LIEN INDENTURE

As part of the consideration for the sale to the Corporation by the City of the Sales Tax Revenues, the Corporation issued and conveyed the Residual Certificate to the City on the Sale Date. In accordance with the Senior Lien Indenture and the Second Lien Indenture, the Residual Revenues are paid to the holder of the Residual Certificate promptly upon the application of the Sales Tax Revenues each month pursuant to the Senior Lien Indenture and the Second Lien Indenture.

Contemporaneously with the issuance on January 30, 2020 of the Corporation's Second Lien Sales Tax Securitization Bonds, Series 2020A and Taxable Series 2020B (the "**Second Lien Series 2020AB Bonds**"), the City, the Corporation and the Trustee entered into a First Amendment to Assignment, Purchase and Sale Agreement, dated as of January 30, 2020 (the "**First Amendment to Sale Agreement**"), which amended certain restrictions on transfer of the Residual Certificate and provided for the issuance of a new Residual Certificate to be initially held by the City. Prior to the execution of the First Amendment to Sale Agreement, the holder of the Residual Certificate was not permitted to transfer the Residual Certificate without the receipt by the Corporation and the City of an opinion of Transaction Counsel that such transfer would not adversely affect the exclusion of interest on any Tax-Exempt Second Lien Bond from gross income of the holder thereof for purposes of federal income taxation. The First Amendment to Sale Agreement provides that the term Tax-Exempt Second Lien Bond, when used in connection with this restriction, includes any Secured Obligation issued under the Master Indenture or any Supplemental Indenture as to which Transaction Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation. Pursuant to the First Amendment to Sale Agreement, in conjunction with the issuance of the Second Lien Series 2020AB Bonds, the original Residual Certificate was delivered by the City to the Corporation for cancellation, and the Corporation issued a new Residual Certificate, dated January 30, 2020, to the City bearing the additional restriction language described in the previous sentence.

Contemporaneously with the issuance on December 22, 2021 of the Corporation's Second Lien Sales Tax Securitization Bonds, Series 2021A and Taxable Series 2021B, the City, the Corporation and the Trustee entered into a Second Amendment to Assignment, Purchase and Sale Agreement, dated as of December 22, 2021 (the "**Second Amendment to Sale Agreement**"), pursuant to which the Corporation and the City agreed that the net proceeds of any Additional Bonds or Subordinated Indebtedness issued to refund any Secured Obligations of the Corporation will not be conveyed to the City.

The Sale Agreement provides that regardless of the provisions of the Senior Lien Indenture and the Second Lien Indenture related to the amendment or modification thereof, neither the Senior Lien Indenture nor the Second Lien Indenture will be amended or modified in any manner adverse to the City with respect to the disposition of any Secured Obligations issued by the Corporation without the written consent of the City.

COVENANTS OF THE CITY

The City covenants as follows:

(a) Pursuant to the Act, the City pledges and agrees with the Corporation that the City (i) has irrevocably directed the Director of the State Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee as the assignee of the Corporation, (ii) shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the holders of the Secured Obligations, or (C) impair the rights and remedies of the holders of the Secured Obligations or the security for the Secured Obligations until the Secured Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of Secured Obligations, are fully paid and discharged; *provided, however*, that the remedies available to the Corporation and the holders of the Secured Obligations for any breach of the pledges and agreements of the City set forth in this paragraph (a) are limited to injunctive relief. The Agreement provides that the Corporation is authorized to include such pledge and agreement in the Senior Lien Indenture and the Second Lien Indenture for the benefit of the holders of the Secured Obligations and the Corporation has included this pledge and agreement of the City in the Senior Lien Indenture and the Second Lien Indenture.

(b) The City will not issue any bonds or other evidences of indebtedness that are secured by a pledge or lien on all or any portion of the Sales Tax Revenues; *provided* that as holder of the Residual Certificate the City may apply Residual Revenues for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

(c) The City agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (i) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (ii) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Senior Lien Indenture and the Second Lien Indenture, (iii) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Senior Lien Indenture and the Second Lien Indenture and (iv) any other deposits or other amounts required by the provisions of the Senior Lien Indenture and the Second Lien Indenture for such Fiscal Year.

(d) The City will at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt Secured Obligations issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, and applicable regulations issued thereunder. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, obligations or investment property the acquisition or holding of which would cause any tax-exempt Secured Obligation to be an "arbitrage bond," as defined in the Code and any applicable regulations issued thereunder. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the holders of such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of such tax-exempt Secured Obligations.

(e) Any Independent Director appointed by the City will satisfy the requirements of the Corporation's bylaws and will not have any Prohibited Relationships. *See* "THE CORPORATION" herein.

COVENANTS OF THE CORPORATION

The Corporation covenants as follows:

(a) While any Secured Obligations are outstanding, at least one membership position on the Board will be reserved for an Independent Director, as defined in the Corporation's bylaws as on file with the Illinois Secretary of State on the Sale Date; *provided, however*, that the Independent Director will not have any Prohibited Relationships; and *further provided, however*, that the position of Independent Director may remain vacant until such Independent Director is required for a Specified Vote. See "**THE CORPORATION**" herein.

(b) The Corporation will not incur any indebtedness other than Secured Obligations as permitted under the Senior Lien Indenture and the Second Lien Indenture.

(c) The Corporation will (i) have its own separate telephone number, stationery and bank checks signed by it and in its own name, (ii) if it uses any premises, its portion of such premises shall be defined and separately identified, (iii) maintain its books and records separately from the City and any other entity, (iv) segregate its assets from those of the City and any other entity, (v) strictly observe corporate formalities in its dealings, (vi) maintain compliance with the Corporation Act, (vii) timely and fully perform and comply with all obligations under the Sale Agreement, the Senior Lien Indenture, the Second Lien Indenture, the bond purchase agreements relating to the Secured Obligations by and between the Corporation and the respective underwriters for a series of the Secured Obligations being issued and the Residual Certificate (each, a "**Transaction Document**") and (viii) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or the ability of the Corporation to perform its obligations under the Sale Agreement or any other Transaction Document without the prior written consent of the City and the Trustee.

(d) The Corporation will not amend its articles of incorporation, bylaws, or other governing documents without the express written consent of the Trustee and the City.

(e) The Corporation will comply in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its existence, rights, franchises, qualifications, and privileges as a not-for-profit corporation.

(f) The Corporation will, as soon as practicable, pay to the City any amounts due to the City that are received by the Corporation in error.

COVENANT OF THE TRUSTEE

The Trustee pledges and agrees to (i) deposit the Sales Tax Revenues in the Securitized Sales Tax Revenue Fund and (ii) on a daily basis, if practicable, but in no event later than two Business Days after receipt thereof, apply the Sales Tax Revenues in accordance with the provisions of the Senior Lien Indenture and the Second Lien Indenture.

AMENDMENTS TO THE SALE AGREEMENT

The Sale Agreement may be amended by the City and the Corporation with the consent of the Trustee, but without the consent of any of the holders of the Secured Obligations: (a) to cure any ambiguity; (b) to correct or supplement any provisions in the Sale Agreement; (c) to correct or amplify the description of the Sales Tax Revenues; (d) to add additional covenants for the benefit of the Corporation; (e) to make adjustments necessary to account for administrative changes in the laws of the State related to the

distribution of Sales Tax Revenues; or (f) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the Sale Agreement that shall not adversely affect in any material respect the security for the Secured Obligations. As provided under the Sale Agreement, the Corporation, the City and the Trustee previously entered into the First Amendment to Sale Agreement and the Second Amendment to Sale Agreement, as described under “**THE SALE AGREEMENT – RESIDUAL REVENUES; MODIFICATION OF INDENTURE**” herein.

The Sale Agreement may also be amended from time to time by the City and the Corporation with the consent of the holders of not less than a majority in principal amount of the Outstanding Secured Obligations for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Sale Agreement or of modifying in any manner the rights of the holders of the Secured Obligations; but no such amendment shall reduce the aforesaid portion of the outstanding amount of the Secured Obligations, the holders of which are required to consent to any such amendment, without the consent of the holders of all the Outstanding Secured Obligations.

Under the Sale Agreement, it is not necessary for the consent of the holders of the Secured Obligations to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof. Without the prior written consent of the holder of the Residual Certificate and the Trustee, which consent may not be unreasonably withheld, no amendment, supplement or other modification of the Sale Agreement will be entered into or be effective if such amendment, supplement or modification affects the Residual Certificate holder’s or the Trustee’s, as applicable, own rights, duties or immunities under the Sale Agreement or otherwise.

THE RESIDUAL CERTIFICATE

The Corporation has issued the Residual Certificate. The Residual Certificate has been conveyed by the Corporation to the City pursuant to the Sale Agreement as part of the purchase price for the Sales Tax Revenues. The Residual Certificate evidences the right of the holder to be paid all Residual Revenues on deposit in the Residual Fund in any month after required payments on the Secured Obligations and other payments and deposits required under the Senior Lien Indenture and the Second Lien Indenture have been made. The Trustee and the holders of the Secured Obligations have no claim to the Residual Revenues under any circumstance, including a deficiency in the Sales Tax Revenues.

INVESTMENT AND LEGAL CONSIDERATIONS

The following discussion of investment and legal considerations should be reviewed by prospective investors prior to purchasing the Series 2023 Bonds. Any one or more of the investment and legal considerations discussed herein could lead to a decrease in the market value and the liquidity of the Series 2023 Bonds or, ultimately, a payment default on the Series 2023 Bonds. There can be no assurance that other factors not discussed herein will not become material in the future.

CHANGES IN ECONOMIC AND DEMOGRAPHIC CONDITIONS

Sales Tax Revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the City and the Chicago metropolitan area may adversely affect the level of Sales Tax Revenues. A decline in the City’s population, or reductions in the level of commercial and industrial activity in the City, could reduce the number and value of taxable transactions and thus reduce the amount of Sales Tax Revenues. It is not possible to predict whether or to what extent any such changes in economic

conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on Sales Tax Revenues.

CHANGES TO TAX RATES, BASE AND EXEMPTIONS

From time to time, changes are made to the tax rates, base and exemptions of the Home Rule Sales Taxes and the State Sales Taxes. Any such changes could adversely affect the amount of Sales Tax Revenues received by the City.

COMPETITION

Increases in sales tax rates in the City and Cook County may create incentives for certain purchases to be made in jurisdictions with lower overall sales tax rates. As a result, increasing sales tax rates may not result in a corresponding percentage increase in revenues, and may prompt certain commercial and industrial activities to relocate to jurisdictions with lower sales tax rates.

ONLINE SALES

Before 2021, the State did not collect sales taxes from online retailers. Effective January 1, 2021, the Leveling the Playing Field Tax Act requires online retailers to collect State and Local Retailers' Occupation Taxes and remit such taxes to the State Department of Revenue. The Corporation believes that the taxes collected from online retailers will result in an incremental increase in overall Sales Tax Revenues in future years, but no assurance can be given that this will occur. *See* **“SALES TAX REVENUES – GENERAL – Leveling the Playing Field Act.”**

DELAYS IN RECEIPT OF SALES TAX REVENUE

The Corporation's receipt of its allocable portion of the Local Share Sales Tax Revenues attributable to the Illinois Use Tax and the Illinois Service Use Tax (other than with respect to titled personal property) (approximately 17.6 percent of Sales Tax Revenues received by the Corporation in 2021 and 14.5 percent in 2022) is subject to annual appropriation by the Illinois General Assembly. Appropriations are included in the State's annual budget. In 2015, the State's failure to adopt a timely budget resulted in a delay of three months before the City received its share of Illinois Use Tax and Illinois Service Use Tax. If the distribution of Illinois Use Tax and Illinois Service Use Tax by the State in future years is delayed, such delay could cause the Corporation to miss its scheduled debt service payments on Outstanding Secured Obligations. The Corporation believes that any delay in payment of debt service payments is unlikely, given that delay in 2015 did not result in late payments on the City's sales tax revenue bonds, and there have been no delays in the receipt of Illinois Use Tax and Illinois Service Use Tax by the City or the Corporation since that time.

Transfers of Sales Tax Revenues that are not subject to annual appropriation have not historically been delayed.

ADDITIONAL SECURED OBLIGATIONS

The Corporation may issue Additional Senior Lien Bonds, Additional Second Lien Bonds and Additional Subordinated Indebtedness. *See* **“SECURITY FOR THE SERIES 2023 BONDS – SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.”**

ADVERSE CHANGE IN LAWS

There are a variety of State and federal laws, regulations and constitutional provisions that apply to the City's and the State's ability to raise taxes (including specifically the Home Rule Sales Taxes and the State Sales Taxes). There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, interpretation or addition may have a material adverse effect on the Corporation or the Sales Tax Revenues.

Notwithstanding the foregoing, in the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the City's share or percentage of Sales Tax Revenues is derived, or the use of such funds, so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City. *See* "**SECURITY FOR THE SERIES 2023 BONDS – CERTAIN COVENANTS OF THE STATE AND THE CITY – Covenants of the State Contained in the Act.**"

NO SECONDARY MARKET

There can be no assurances that a secondary market for the Series 2023 Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series 2023 Bonds to maturity.

LIMITED RESOURCES OF THE CORPORATION; SECURED OBLIGATIONS ARE NOT A DEBT OF THE CITY OR STATE

The Series 2023 Bonds are limited obligations of the Corporation and are payable only from the Trust Estate. The Series 2023 Bonds do not represent or constitute a debt of the City or of the State within the meaning of any constitutional or statutory limitation or a pledge of the full faith and credit of the City or the State or a grant to the Holders thereof any right to have the City or the Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of, or interest on, the Series 2023 Bonds. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the City or the State, and neither the credit, the revenues nor the taxing power of the City or the State is, or shall be deemed to be, pledged to the payment of any of the Series 2023 Bonds. The Corporation has no taxing power. *See* "**SECURITY FOR THE SERIES 2023 BONDS.**"

NO RIGHT TO ACCELERATE SECURED OBLIGATIONS AFTER AN EVENT OF DEFAULT; LIMITED REMEDIES

Under the Senior Lien Indenture and the Second Lien Indenture, the occurrence of an Event of Default will not result in or permit an acceleration of any of the Secured Obligations, including the Series 2023 Bonds. This means that should an Event of Default occur, the Trustee and the Holders of the Series 2023 Bonds may need to take action each month to exercise their rights and remedies with respect to each month's payment that is due on the Series 2023 Bonds. In addition, neither the Trustee nor the Holders of the Series 2023 Bonds have the right to sell or foreclose on the Sales Tax Revenues or the rights of the Corporation under the Sale Agreement. The effect of these two provisions is that the only remedy for an Event of Default may be that each month, the Trustee or the Holders of the Series 2023 Bonds will need to file with an appropriate court a request for a writ of mandamus directing the City and the Corporation to turn over the Sales Tax Revenues with respect to that month. Under such circumstances, there may be delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds.

BANKRUPTCY OF THE CITY

Municipalities cannot file for protection under the Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. Illinois state law does not currently permit the City to file a bankruptcy proceeding; however, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois municipalities to file for bankruptcy relief, which would be under Chapter 9 of the Bankruptcy Code. No assurance can be provided as to whether the Illinois General Assembly may adopt any legislation that would permit the City to file for bankruptcy relief. The law is unclear as to whether the Governor of Illinois or another member of the executive branch of the State government has the power to authorize the City to file a Chapter 9 case. It is also possible that Congress will enact legislation that changes the eligibility requirements for municipalities to file for relief under Chapter 9.

There may be possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2023 Bonds or other losses to the Holders of the Series 2023 Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2023 Bonds.

BANKRUPTCY REMOTENESS

General

The City and the Corporation intend and have structured the transfer of the Sales Tax Revenues to the Corporation in accordance with the Act and pursuant to the Sale Agreement as an absolute sale and not as the grant of a security interest in the Sales Tax Revenues to secure a borrowing of the City. Chapter 9 of the Bankruptcy Code provides that a bankruptcy court may not confirm a plan if the debtor is prohibited by law from taking any action necessary to carry out the plan. With the Act, the State has exercised its right to control the disposition of the Sales Tax Revenues under the Illinois Constitution and determined that the Sales Tax Revenues, once sold, are no longer property of the City. In the event of a City bankruptcy, a bankruptcy court could conclude that a plan of adjustment that contradicts this right and determination of the State would require the City to take action that is prohibited by law in order to carry out the plan and thus would not be confirmable. In addition, the opinions of Co-Transaction Counsel, discussed in the first paragraph below under “– **Certain Opinions**” identifies certain factors that courts have considered in determining whether a transfer of assets should be deemed a true sale or a loan and notes that: the terms of the Sale Agreement expressly memorialize and confirm the City’s transfer of the Sales Tax Revenues to the Corporation without recourse as a sale of the right, title and interest in and to the Sales Tax Revenues; the City has no right to obtain the return of the Sales Tax Revenues (although the City is entitled to the return of all Sales Tax Revenues that become Residual Revenues) and therefore Co-Transaction Counsel have concluded that any change in their market value will not be for the direct benefit of or to the detriment of the City; the interest rates on the Series 2023 Bonds will be based on the current market rates for comparably rated, tax-exempt or taxable bonds, not the rate at which the City could obtain a secured loan; both the Act and the Sale Agreement use the form and language of an absolute assignment and transfer of the Sales Tax Revenues and the City, for accounting purposes, will treat the transfer as an absolute sale; and the Sale Agreement explicitly states that the transfer of the Sales Tax Revenues from the City to the Corporation is an absolute sale rather than a secured borrowing. Notwithstanding the foregoing, no assurance can be given that a court will follow the intention of the City and the Corporation. If the City were to become a debtor in a bankruptcy case, and a party in interest (including the City itself) were to take the position that the transfer of the Sales Tax Revenues to the Corporation should be recharacterized as the grant of a security interest in the Sales Tax Revenues, delays in payments on the Series 2023 Bonds could

result. If a court were to adopt such position, then delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds could result.

The City and the Corporation have taken steps to minimize the risk that in the event the City were to become the debtor in a bankruptcy case, a court would order that the assets and liabilities of the City be substantively consolidated with those of the Corporation. The Corporation is a separate, special purpose not-for-profit corporation, the organizational documents of which provide that it shall not commence a voluntary bankruptcy case without the unanimous affirmative vote of all of its directors (although this provision may not be enforceable). The opinions of Co-Transaction Counsel discussed in the second paragraph below under “– **Certain Opinions**” identifies certain factors that courts have considered in substantive consolidation cases and notes that: the City and the Corporation have a separate corporate existence under the requirements of the Act, the Corporation’s bylaws, and the Sale Agreement; the City and the Corporation are not only separate entities under State statutes, but are distinct kinds of entities under the Illinois Constitution; the Series 2023 Bonds are not the obligations or debts of the City (or the State) and therefore the Holders of the Series 2023 Bonds are not creditors of the City and are not relying on the credit of the City; and efforts have been made to prevent Bondholders from being confused that the Series 2023 Bonds are City-issued or City-backed bonds, thereby eliminating a central factor that would be required for substantive consolidation of the Corporation with the City. Notwithstanding the foregoing, no assurance can be given that the risk of substantive consolidation has been eliminated. If a party in interest (including the City itself) were to take the position that the assets and liabilities of the Corporation should be substantively consolidated with those of the City, delays in payments on the Series 2023 Bonds could result. If a court were to adopt such position, then delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds could result.

Certain Opinions

Co-Transaction Counsel will render opinions to the Corporation and the Underwriters that, subject to all the assumptions, qualifications, and discussions set forth therein, under current laws, in a case under the Bankruptcy Code in which the City is a debtor, a court, exercising reasonable judgment after full consideration of all relevant factors, would not hold that the money paid or payable (including after the petition date) by the State to the City as assigned to the Corporation pursuant to the Sale Agreement and the Act is property of the City or “property of the estate” of the City and would not hold that the rights of the Corporation to such money are subject to the operation of Section 362(a) (as incorporated in Chapter 9 by the operation of Section 901(a)) or Section 922(a) of the Bankruptcy Code in a Chapter 9 case of the City. Certain of the assumptions contained in the opinions will be assumptions that certain facts or circumstances will exist or occur, and Co-Transaction Counsel will provide no assurance that such facts or circumstances will exist or occur as assumed in the opinions. The opinions will be based on an analysis of existing federal laws and court decisions and will cover certain matters not directly addressed by such authorities. There are no court decisions directly on point, there are court decisions that could be viewed as contrary to the conclusions expressed in the opinions, and the matter is not free from doubt. Accordingly, no assurance will be given that a court would not hold that the money paid or payable (including after the petition date) by the State to the City as assigned to the Corporation pursuant to the Sale Agreement and the Act is property of the City or “property of the estate” of the City, or is subject to the automatic stay under the Bankruptcy Code, thus resulting in delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds.

Co-Transaction Counsel will also render opinions to the Corporation and the Underwriters that, subject to all the assumptions, qualifications, and discussions set forth therein, under current laws, in a case under the Bankruptcy Code in which the City is a debtor, the court, exercising reasonable judgment after full consideration of all relevant factors, would not order the substantive consolidation of the assets and liabilities of the Corporation and those of the City. Certain of the assumptions contained in the opinions

will be assumptions that certain facts or circumstances will exist or occur, and Co-Transaction Counsel can provide no assurance that such facts or circumstances will exist or occur as assumed in the opinions. The opinions will be based on an analysis of existing federal laws and court decisions and will cover certain matters not directly addressed by such authorities. There are no court decisions directly on point, there are court decisions that could be viewed as contrary to the conclusions expressed in the opinions, and the matter is not free from doubt. Accordingly, no assurance can be given that if the City were to become a debtor in a bankruptcy case, a court would not order the substantive consolidation of the assets and liabilities of the Corporation with those of the City, thus resulting in delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds.

LIMITATIONS ON CERTAIN OPINIONS

A court's decision regarding the matters upon which a lawyer is opining would be based on such court's own analysis and interpretation of the factual evidence before it and of applicable legal principles. Thus, if a court reached a different result from that expressed in an opinion, it would not necessarily constitute reversible error or be inconsistent with that opinion. An opinion of counsel is not a prediction of what a particular court (including any appellate court) that reached the issue on the merits would hold, but, instead, is the opinion of such counsel as to the proper result to be reached by a court applying existing legal rules to the facts as properly found after appropriate briefing and argument and, in addition, is not a guarantee, warranty or representation, but rather reflects the informed professional judgment of such counsel as to specific questions of law. Opinions of counsel are not binding on any court or party to a court proceeding. The descriptions of the opinions set forth herein are summaries, do not purport to be complete, and are qualified in their entirety by the opinions themselves.

CYBERSECURITY

The Corporation and the City entered into a Services Agreement, dated November 2, 2017, as modified by an Extension to the Services Agreement, dated June 30, 2019, pursuant to which the City has agreed to provide services and support staff and make available office space and equipment to the Corporation through June 30, 2025. As such, the City uses its computer networks and systems in providing services to the Corporation. The State also uses its computer networks and systems in the collection and transfer of Sales Tax Revenues. Both the City's and State's computer networks and systems collect and store sensitive data and information relating to the Corporation and Sales Tax Revenues. The secure processing, maintenance and transmission of this information is critical to the successful operation of the Corporation.

Increasingly, governmental entities are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and/or hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruption, access, modification, disclosure or destruction of data could result in interruption of services to the Corporation and the collection or transmission of Sales Tax Revenues.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City and the State are vulnerable to flooding, extreme fluctuations in weather temperature, damaging winds and other severe weather conditions. Risks to the City from climate change include fluctuations in the water levels of Lake Michigan. Higher lake

water levels can cause shoreline erosion, flooding of buildings and streets, and damage to shoreline structures. The Corporation cannot predict the timing, extent or severity of climate change and its economic impact or its effect on Sales Tax Revenues.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“**ERISA Plans**”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental plans (as defined in Section 3(32) of ERISA) (“**Governmental Plans**”) and church plans (as defined in Section 3(33) of ERISA) (“**Church Plans**”), and on Individual Retirement Accounts described in Section 408(b) of the Code (“**IRAs**” and, together with Governmental Plans and Church Plans, “**Tax-Favored Plans**”). Certain employee benefit plans such as Governmental Plans and, if no election has been made under Section 410(d) of the Code, Church Plans, are not subject to ERISA requirements. Additionally, such Governmental Plans and Church Plans are not subject to the requirements of Section 4975 of the Code, but may be subject to applicable federal, state or local law which is, to a material extent, similar to the foregoing provisions of ERISA or the Code (“**Similar Laws**”). Accordingly, assets of such plans may be invested in the Series 2023 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “**Benefit Plans**”) and persons who have certain specified relationships to the Benefit Plans (“**Parties In Interest**” or “**Disqualified Persons**”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) a fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by a plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption, an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2023 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Corporation were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “**Plan Assets Regulation**”), the assets of the Corporation would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code if the Benefit Plan acquires an “equity interest” in the Corporation and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2023 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2023 Bonds, including the reasonable expectation of purchasers of Series 2023 Bonds that the Series 2023 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2023 Bonds are treated as an equity interest for such purposes, the acquisition or holding of Series 2023 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Corporation, the Trustee or a paying agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2023 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2023 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliates’) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2023 Bonds or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2023 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2023 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2023 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Series 2023 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Corporation, the Trustee, the Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2023 Bonds, the purchase of the Series 2023 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2023 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Corporation, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2023 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

ABSENCE OF LITIGATION

There is no litigation pending in any court (either State or federal) to restrain or enjoin the issuance or delivery of the Series 2023 Bonds or questioning the creation, organization or existence of the Corporation, the validity or enforceability of the Senior Lien Indenture or the Second Lien Indenture, the sale of the Sales Tax Revenues by the City to the Corporation, the proceedings for the authorization, execution, authentication and delivery of the Series 2023 Bonds or the validity of the Series 2023 Bonds.

FORCE MAJEURE EVENTS

There are certain unanticipated events beyond the Corporation's, the City's or State's control that could have a material adverse impact on the generation or collection of Sales Tax Revenues if they were to occur. These events include fire, flood, earthquake, epidemic, pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargo, labor strikes or work stoppages, civil commotion, new acts of war or escalation of existing war conditions, sabotage, terrorism or enemy action, pollution, unknown subsurface or concealed conditions affecting the environment, and any similar causes. No assurance can be provided that such events will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the generation or collection of Sales Tax Revenues.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain statements relating to future results that are forward-looking statements. When used in this Offering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes," "structured," "targets" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks (including, but not limited to risks related to the COVID-19 pandemic) that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, prospective investors in the Series 2023 Bonds should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The Corporation does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

REFERENCES TO TRANSACTION DOCUMENTS

The summaries or descriptions contained herein of provisions of the Senior Lien Indenture, the Second Lien Indenture, the Sale Agreement, the Residual Certificate, the Continuing Disclosure Undertaking (as defined herein), the Voluntary Reporting Agreement and the Series 2023 Bonds and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of these documents may be obtained from the office of the Secretary-Treasurer of the Corporation.

CONTINUING DISCLOSURE

CONTINUING DISCLOSURE UNDERTAKING

Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities.

The Corporation will enter into a Continuing Disclosure Undertaking, dated the date of the issuance and delivery of the Series 2023 Bonds (the “**Continuing Disclosure Undertaking**”), under the provisions of which it shall covenant for the benefit of the beneficial owners of the Series 2023 Bonds to provide (i) certain financial information relating to the Corporation and certain information relating to the Sales Tax Revenues annually and (ii) notices of the occurrence of certain enumerated events, in certain cases, pursuant to the requirements of Section (b)(5) of Rule 15c2-12. The annual financial information and the material event notices will be filed electronically with the MSRB on its internet-based securities filing system, the EMMA website.

The information to be provided on an annual basis, the material events of which notice will be provided on an occurrence basis and a summary of other terms of the Continuing Disclosure Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the Corporation to comply with the Continuing Disclosure Undertaking will not constitute a default under the Series 2023 Bonds or the Senior Lien Indenture or the Second Lien Indenture, as applicable, and beneficial owners of the Series 2023 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. *See* “– **CONSEQUENCES OF FAILURE OF THE CORPORATION TO PROVIDE CONTINUING DISCLOSURE**” below. A failure by the Corporation to comply with the Continuing Disclosure Undertaking must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2023 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2023 Bonds and their market price.

The following is a summary of certain provisions of the Continuing Disclosure Undertaking and does not purport to be complete. This summary is subject to the detailed provisions of the Continuing Disclosure Undertaking, a copy of which is available upon request from the Corporation.

ANNUAL FINANCIAL DISCLOSURE

“**Annual Financial Information**” means financial information and operating data of the type included in this Offering Circular in “TABLE 8. ANNUAL SALES TAX REVENUES,” “TABLE 9. MONTHLY HOME RULE SALES TAX REVENUES,” “TABLE 10. MONTHLY LOCAL SHARE SALES TAX REVENUES” and “TABLE 11. COMPONENTS OF SALES TAX REVENUES” under the heading “**SALES TAX REVENUES – HISTORICAL COLLECTIONS OF SALES TAX REVENUES.**”

“**Audited Financial Statements**” means the audited financial statements of the Corporation prepared in accordance with generally accepted accounting principles as in effect from time to time.

The Corporation will provide Annual Financial Information and Audited Financial Statements to the MSRB through its EMMA system not more than 210 days after the last day of the Corporation’s fiscal year, which currently is December 31, commencing with the fiscal year ended December 31, 2023. If Audited Financial Statements are not available by such date, unaudited financial statements will be provided to the MSRB through its EMMA system, and the Audited Financial Statements will be filed within 30 days of availability to the Corporation.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Corporation shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to the Continuing Disclosure Undertaking, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to the MSRB through its EMMA system) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided. See “–**AMENDMENT OR WAIVER OF THE CONTINUING DISCLOSURE UNDERTAKING**” below.

REPORTABLE EVENTS DISCLOSURE

The Corporation will give, in a timely manner, not in excess of 10 business days after the occurrence thereof, notice to the MSRB through its EMMA system of the occurrence of any of the following (each, a “**Reportable Event**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds, or other material events affecting the tax status of the Series 2023 Bonds;
- (7) modifications to rights of Holders of the Series 2023 Bonds, if material;
- (8) Series 2023 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2023 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Corporation;
- (13) consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Corporation, any of which affect Holders of the Series 2023 Bonds, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Corporation, any of which reflect financial difficulties.

For the purposes of the Reportable Event identified in subparagraphs (12), the event will be considered to have occurred when any of the following occurs: the appointment of a receiver, fiscal agent or other similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

For the purposes of the Reportable Events identified in subparagraphs (15) and (16), the term “financial obligation” means: (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final offering circular has been provided to the MSRB consistent with Rule 15c2-12.

EMMA REQUIREMENTS

All documents submitted to the MSRB through its EMMA system pursuant to the Continuing Disclosure Undertaking shall be in electronic format and accompanied by identifying information, as prescribed by the MSRB, in accordance with Rule 15c2-12. All documents submitted to the MSRB through EMMA will be word-searchable PDFs, configured to permit documents to be saved, viewed, printed and electronically retransmitted.

CONSEQUENCES OF FAILURE OF THE CORPORATION TO PROVIDE CONTINUING DISCLOSURE

The Corporation shall give notice in a timely manner to the MSRB through its EMMA system of any failure to provide Annual Financial Information and Audited Financial Statements or notice of the occurrence of a Reportable Event as required under the Continuing Disclosure Undertaking.

In the event of a failure of the Corporation to comply with any provision of the Continuing Disclosure Undertaking, the beneficial owner of any Series 2023 Bond may seek mandamus or specific performance by court order to cause the Corporation to comply with its obligations under the Continuing Disclosure Undertaking. The Continuing Disclosure Undertaking provides that any court order must be initiated in the Circuit Court of Cook County, Illinois. A default under the Continuing Disclosure Undertaking shall not be deemed a default under the Series 2023 Bonds or the Senior Lien Indenture and the Second Lien Indenture, as applicable, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the Corporation to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

AMENDMENT OR WAIVER OF THE CONTINUING DISCLOSURE UNDERTAKING

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the Corporation may amend the Continuing Disclosure Undertaking, and any provision of the Continuing Disclosure Undertaking may be waived, if (A) (i) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Corporation or type of business conducted; (ii) the Continuing Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Series 2023 Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2023 Bonds, as determined

by a party unaffiliated with the Corporation (such as the Trustee or Co-Transaction Counsel) or by an approving vote of the beneficial owners of the Series 2023 Bonds pursuant to the terms of the Senior Lien Indenture and the Second Lien Indenture at the time of the amendment; or (B) the amendment or waiver is otherwise permitted by Rule 15c2-12.

TERMINATION OF CONTINUING DISCLOSURE UNDERTAKING

The Continuing Disclosure Undertaking shall be terminated if the Corporation shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2023 Bonds under the Senior Lien Indenture and the Second Lien Indenture.

ADDITIONAL INFORMATION

Nothing in the Continuing Disclosure Undertaking will be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information, Audited Financial Statements or Reportable Event notice in addition to that which is required by the Continuing Disclosure Undertaking. If the Corporation chooses to include any such additional information, the Corporation shall have no obligation under the Continuing Disclosure Undertaking to update such information or include it in any future Annual Financial Information, Audited Financial Statements or Reportable Event notice.

PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The Corporation has entered into continuing disclosure undertakings for previously issued Senior Lien Bonds and Second Lien Bonds.

In connection with prior continuing disclosure undertakings, on April 14, 2020, the Corporation filed a Reportable Event notice on EMMA regarding a January 14, 2020 downgrade by Fitch Ratings of its rating with respect to the Corporation's Sales Tax Securitization Bonds, Series 2017A, Taxable Series 2017B and Taxable Series 2017C, issued on December 14, 2017, the Corporation's Sales Tax Securitization Bonds, Series 2018A and Taxable Series 2018B, issued on February 22, 2018, the Corporation's Sales Tax Securitization Bonds, Series 2018C, issued on December 4, 2018, and the Corporation's Sales Tax Securitization Bonds, Taxable Series 2019A, issued on January 30, 2019. This was not filed within 10 business days of the occurrence of the rating change.

Except as described in the preceding paragraph, the Corporation has complied, in all material respects, with its previous continuing disclosure undertakings in written contracts or agreements, as described in subsection (b)(5)(i) of Rule 15c2-12.

COVID-19 DISCLOSURE

This Offering Circular includes descriptions of the COVID-19 pandemic's actual and potential long-term implications for the Series 2023 Bonds; *see, e.g.*, "**COVID-19 PANDEMIC**" and "**SALES TAX REVENUES – PROJECTED SALES TAX REVENUES**." The Corporation is under no obligation to update the information relating to COVID-19 contained in this Offering Circular, including the appendices hereto. Furthermore, such matters will not be considered "Annual Financial Information" under the Continuing Disclosure Undertaking for purposes of Rule 15c2-12. *See* "**– ANNUAL FINANCIAL DISCLOSURE**" above.

VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS

The Corporation is under no obligation to update the information contained in this Offering Circular, including the appendices hereto, relating to the Voluntary Reporting Agreement or the Voluntary Reports. The Corporation is not required to file the Voluntary Report pursuant to its Continuing Disclosure Undertaking, and the Voluntary Report will not be considered “Annual Financial Information” under the Continuing Disclosure Undertaking for purposes of Rule 15c2-12. Furthermore, neither the Corporation nor the City is required to file the Voluntary Report pursuant to any other continuing disclosure obligations under Rule 15c2-12. Pursuant to the Voluntary Reporting Agreement, the City expressly reserves the right to discontinue the filing of the Voluntary Report or omit, or change the format of, and or all of the information contained in the Voluntary Report. *See* “**DESIGNATION OF THE SENIOR LIEN SERIES 2023AB BONDS AS SOCIAL BONDS – VOLUNTARY REPORTING ON USE OF PROCEEDS OF THE SENIOR LIEN SERIES 2023AB BONDS AND THE CRP PROJECTS.**”

TAX MATTERS

For purposes of this section “**TAX MATTERS,**” the terms “**Holder**” and “**Bondholder**” mean “beneficial owner.”

TAX-EXEMPT SERIES 2023 BONDS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Series 2023 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Series 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Series 2023 Bonds. Pursuant to the Senior Lien Indenture and the Second Lien Indenture, as applicable, and a Tax Certificate and Agreement, dated the date of delivery of the Tax-Exempt Series 2023 Bonds (the “**Tax Certificate**”), the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Series 2023 Bonds from gross income for federal income tax purposes under Section 103 of the Code. Pursuant to the Sale Agreement and the Tax Certificate, the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Series 2023 Bonds from gross income for federal income tax purposes under Section 103 of the Code. In addition, the Corporation and the City have made certain representations and certifications in the Tax Certificate. Co-Transaction Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-Transaction Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Corporation and the City described above, interest on the Tax-Exempt Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-Transaction Counsel is also of the opinion that such interest is not treated as a preference item in calculating the individual alternative minimum tax imposed under the Code. For taxable years beginning after December 31, 2022, interest on the Tax-Exempt Series 2023 Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

State Taxes

Interest on the Tax-Exempt Series 2023 Bonds is not exempt from present State of Illinois income taxes. Co-Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Tax-Exempt Series 2023 Bonds nor as to the taxability of the Tax-Exempt Series 2023 Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Original Issue Discount

The excess of the principal amount of a maturity of the Tax-Exempt Series 2023 Bonds over its issue price (*i.e.*, the first price at which price a substantial amount of such maturity of the Tax-Exempt Series 2023 Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “**Discount Tax-Exempt Series 2023 Bond**” and, collectively, the “**Discount Tax-Exempt Series 2023 Bonds**”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Series 2023 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Tax-Exempt Series 2023 Bond, and the basis of each Discount Tax-Exempt Series 2023 Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Tax-Exempt Series 2023 Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Tax-Exempt Series 2023 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Tax-Exempt Series 2023 Bonds.

Original Issue Premium

Tax-Exempt Series 2023 Bonds sold at prices in excess of their principal amounts are “**Premium Tax-Exempt Series 2023 Bonds**.” An initial purchaser with an initial adjusted basis in a Premium Tax-Exempt Series 2023 Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Tax-Exempt Series 2023 Bond based on the purchaser’s yield to maturity (or, in the case of Premium Tax-Exempt Series 2023 Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Tax-Exempt Series 2023 Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Tax-Exempt Series 2023 Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Tax-Exempt Series 2023 Bonds. Owners of the Premium Tax-Exempt Series 2023 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Tax-Exempt Series 2023 Bonds.

Ancillary Tax Matters

Ownership of the Tax-Exempt Series 2023 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit and taxpayers

(including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Series 2023 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Tax-Exempt Series 2023 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. In addition, interest on the Tax-Exempt Series 2023 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the Internal Revenue Service or (b) has been identified by the Internal Revenue Service as being subject to backup withholding.

Co-Transaction Counsel are not rendering any opinion as to any federal tax matters with respect to the Tax-Exempt Series 2023 Bonds other than those described in the opinion attached as "**APPENDIX B – PROPOSED FORMS OF OPINIONS OF CO-TRANSACTION COUNSEL.**" Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Series 2023 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Series 2023 Bonds for federal or state income tax purposes and thus on the value or marketability of the Tax-Exempt Series 2023 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Series 2023 Bonds from gross income for federal or state income tax purposes or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Holders of the Tax-Exempt Series 2023 Bonds may occur. Prospective purchasers of the Tax-Exempt Series 2023 Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Series 2023 Bonds.

Co-Transaction Counsel have not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Series 2023 Bonds may affect the tax status of interest on the Tax-Exempt Series 2023 Bonds. Co-Transaction Counsel express no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Series 2023 Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Series 2023 Bonds or the proceeds thereof upon the advice or approval of other counsel.

TAXABLE SERIES 2023 BONDS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, beneficial ownership and disposition of the Taxable Series 2023 Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Taxable Series 2023 Bonds held as capital assets within the meaning of Section 1221 of the Code and does

not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Taxable Series 2023 Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes or persons whose functional currency is not the United States dollar. It also does not deal with Holders other than original purchasers that acquire Taxable Series 2023 Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Taxable Series 2023 Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Taxable Series 2023 Bonds.

The Corporation has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term “**U.S. Holder**” means a beneficial owner of Taxable Series 2023 Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996 and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Taxable Series 2023 Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Taxable Series 2023 Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and disposition of the Taxable Series 2023 Bonds.

Taxation of Interest Generally

Interest on the Taxable Series 2023 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Series 2023 Bonds. In general, interest paid on the Taxable Series 2023 Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Taxable Series 2023 Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury

Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Taxable Series 2023 Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Taxable Series 2023 Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, beneficial ownership and disposition of Taxable Series 2023 Bonds issued with original issue discount (“**Discount Taxable Series 2023 Bonds**”). A Taxable Series 2023 Bond will be treated as having been issued with a net original issue discount if the excess of its “stated redemption price at maturity” (as defined herein) over its “issue price” equals or exceeds one quarter of one percent of such Taxable Series 2023 Bond’s stated redemption price at maturity, multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Taxable Series 2023 Bond’s “**issue price**” is defined as the initial offering price to the public at which a substantial amount of the Taxable Series 2023 Bonds of the same maturity has first been sold to the public, excluding bond houses and brokers. A Taxable Series 2023 Bond’s “**stated redemption price at maturity**” is the total of all payments provided by the Taxable Series 2023 Bond that are not payments of “qualified stated interest.” Generally, the term “**qualified stated interest**” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includable in income by the initial Holder of a Discount Taxable Series 2023 Bond is the sum of the “daily portions” of original issue discount with respect to such Discount Taxable Series 2023 Bond for each day during the taxable year in which such Holder held such Discount Taxable Series 2023 Bond. The “daily portion” of original issue discount on any Discount Taxable Series 2023 Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length and may vary in length over the term of a Discount Taxable Series 2023 Bond, *provided* that each accrual period does not exceed one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Series 2023 Bond’s “adjusted issue price” (as defined herein) at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “**adjusted issue price**” of a Discount Taxable Series 2023 Bond at the beginning of any accrual period is (i) the sum of (A) the issue price of the Discount Bond plus (B) the amount of original issue discount allocable to all prior accrual periods, minus (ii) the amount of any prior payments on the Discount Taxable Series 2023 Bond that were not qualified stated interest payments. Under these rules, Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Taxable Series 2023 Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

A Holder who purchases a Taxable Series 2023 Bond at a price which includes market discount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such Holder will generally be required either (i) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Taxable Series 2023 Bond as ordinary income to the extent of any remaining accrued market discount or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such Holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (i) on a constant interest basis or (ii) in proportion to the accrual of stated interest.

A Holder of a Taxable Series 2023 Bond who acquires such Taxable Series 2023 Bond at a market discount also may be required to defer, until the maturity date of such Taxable Series 2023 Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Taxable Series 2023 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such Holder's gross income for the taxable year with respect to such Taxable Series 2023 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Series 2023 Bond for the days during the taxable year on which the Holder held the Taxable Series 2023 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Series 2023 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium

A Holder of a Taxable Series 2023 Bond who purchases such Taxable Series 2023 Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the Holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Taxable Series 2023 Bonds held by the Holder on the first day of the taxable year to which the election applies and to all Taxable Series 2023 Bonds thereafter acquired by the Holder), such Holder must amortize the premium using constant yield principles based on the Holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Taxable Series 2023 Bonds who acquire such Taxable Series 2023 Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Taxable Series 2023 Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax on the “net investment income” of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Taxable Series 2023 Bonds

A Bondholder’s adjusted tax basis for a Taxable Series 2023 Bond is the price such Holder pays for the Taxable Series 2023 Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Taxable Series 2023 Bond other than “qualified stated interest” and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Series 2023 Bond, measured by the difference between the amount realized and the Bondholder’s tax basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Series 2023 Bond is held as a capital asset (except in the case of Taxable Series 2023 Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Taxable Series 2023 Bond are materially modified, in certain circumstances, a new debt obligation would be deemed “reissued,” or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Taxable Series 2023 Bond under the defeasance provisions of the Senior Lien Indenture or the Second Lien Indenture, as applicable, could result in a deemed sale or exchange of such Taxable Series 2023 Bond.

EACH POTENTIAL HOLDER OF TAXABLE SERIES 2023 BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE TAXABLE SERIES 2023 BONDS AND (2) THE CIRCUMSTANCES IN WHICH TAXABLE SERIES 2023 BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable Series 2023 Bonds by a person other than a U.S. Holder, a former United States citizen or resident or a partnership or entity treated as a partnership for United States federal income tax purposes (a “**Non-U.S. Holder**”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“**FATCA**”), payments of principal by the Corporation or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Corporation, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Corporation (directly or indirectly) through stock ownership and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Corporation, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2)

a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Taxable Series 2023 Bonds must certify to the Corporation or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing federal income tax treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Corporation or its agent with documentation as to his, her or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Taxable Series 2023 Bond held by such Non-U.S. Holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (*provided* that such Non-U.S. Holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable Series 2023 Bond will be included in the earnings and profits of the Holder if the interest is effectively connected with the conduct by the Holder of a trade or business in the United States. Such a Holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Taxable Series 2023 Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met.

For newly issued or reissued obligations, such as the Taxable Series 2023 Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Taxable Series 2023 Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the Taxable Series 2023 Bonds shall have no recourse against the Corporation, nor will the Corporation be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Taxable Series 2023 Bonds. However, it should be noted that on December 13, 2018, the Internal Revenue Service issued proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Taxable Series 2023 Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Taxable Series 2023 Bonds are outstanding, the Corporation, its agents or paying agents or a broker is required to provide the Internal Revenue Service with certain information, including a Holder's name, address and taxpayer identification number (either the Holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that Holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit-sharing trusts and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Corporation, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Taxable Series 2023 Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, *provided* that the U.S. Holder furnishes the required information to the Internal Revenue Service.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Corporation, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such Non-U.S. Holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "**Non-U.S. Holders**" above), or has otherwise established an exemption (*provided* that neither the Corporation nor its agent has actual knowledge that the Holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Taxable Series 2023 Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person, (ii) a controlled foreign corporation for U.S. tax purposes, (iii) a foreign person 50 percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Taxable Series 2023 Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the Holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a Holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Taxable Series 2023 Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Interest on the Taxable Series 2023 Bonds is not exempt from present Illinois income taxes. Co-Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with

respect to the Taxable Series 2023 Bonds nor as to the taxability of the Taxable Series 2023 Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Taxable Series 2023 Bonds for federal or state income tax purposes and thus on the value or marketability of the Taxable Series 2023 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of Holders of the Taxable Series 2023 Bonds. Prospective purchasers of the Taxable Series 2023 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Taxable Series 2023 Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE SERIES 2023 BONDS.

RATINGS

The Senior Lien Series 2023 Bonds have been assigned ratings of “AA-” (positive outlook) by S&P; “AA” (positive outlook) by Fitch Ratings (“**Fitch**”); and “AAA” (stable outlook) by Kroll Bond Rating Agency, Inc. (“**Kroll**”).

The Second Lien Series 2023 Bonds have been assigned ratings of “AA-” (positive outlook) by S&P; “AA-” (stable outlook) by Fitch; and “AA+” (stable outlook) by Kroll.

The ratings by the rating agencies reflect only the views of such organizations, and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same.

There is no assurance that the initial ratings assigned to the Series 2023 Bonds will continue for any given period of time or that any of such ratings will not be revised downward, suspended or withdrawn entirely by any of the rating agencies. Any such downward revision, suspension or withdrawal of the ratings by any of the rating agencies may have an adverse effect on the availability of a market for or the market price of the Series 2023 Bonds.

PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS

FINANCIAL ADVISORS

The Corporation has retained Public Alternative Advisors LLC, Phoenix Capital Partners, LLP and PFM Financial Advisors LLC to act as financial advisors (collectively, the “**Financial Advisors**”) in connection with the issuance and sale of the Series 2023 Bonds. The Financial Advisors have provided advice on the plan of financing and structure of the Series 2023 Bonds and have reviewed certain legal documents, including this Offering Circular, with respect to financial matters. The Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Offering

Circular. Each Financial Advisor is a “municipal advisor” (as defined in Rule 15Ba1-1 of the Securities and Exchange Commission).

INDEPENDENT REGISTERED MUNICIPAL ADVISORS

The Corporation has retained Acacia Financial Group, Martin J. Luby LLC, PFM Financial Advisors LLC, Public Alternative Advisors, LLC, RSI Group, LLC, and Sycamore Advisors, LLC to serve as a pool of registered municipal advisors (collectively, the “**IRMAs**”), pursuant to Rule 15Ba1-1-(d)(3)(vi) of the Securities and Exchange Commission, to evaluate financing proposals and recommendations in connection with the Corporation’s various bond issuance programs and other financing ideas being considered by the Corporation. However, the IRMAs will not advise on the investment of Corporation funds. The IRMAs’ compensation is not dependent on the offering of the Series 2023 Bonds.

INDEPENDENT AUDITORS

The basic financial statements of the Sales Tax Securitization Corporation as of and for the year ended December 31, 2021, included in “**APPENDIX G**” to this Offering Circular, have been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report appearing in “**APPENDIX G.**”

DEALER-MANAGERS

RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC and UBS Financial Services Inc. (“**UBS FSI**”), as dealer-managers (the “**Dealer-Managers**”), entered into a Dealer-Manager Agreement with the Corporation, dated January 3, 2023 (the “**Dealer-Manager Agreement**”), pursuant to which the Dealer-Managers expect to assist the Corporation and the City in the solicitation of offers to tender the Tendered GO Bonds. See “**PLAN OF FINANCE – FINANCING PLAN.**”

UNDERWRITING

The Series 2023 Bonds are being purchased by the underwriters listed on the cover page hereof (the “**Underwriters**”), for whom UBS FSI, RBC Capital Markets, LLC and Siebert Williams Shank & Co., LLC are acting as co-lead managers. UBS FSI, as representative on behalf of itself and the other Underwriters, has agreed, subject to certain conditions, to purchase: (i) the Senior Lien Series 2023A Bonds at a price equal to \$105,710,314.68, which represents the aggregate principal amount of the Senior Lien Series 2023A Bonds, less an Underwriters’ discount of \$647,992.75, plus an original issue premium of \$5,909,307.43; (ii) the Senior Lien Series 2023B Bonds at a price equal to \$59,038,670.90, which represents the aggregate principal amount of the Senior Lien Series 2023B Bonds, less an Underwriters’ discount of \$383,329.10; (iii) the Senior Lien Series 2023C Bonds at a price equal to \$81,847,533.32, which represents the aggregate principal amount of the Senior Lien Series 2023C Bonds, less an Underwriters’ discount of \$600,677.93, plus an original issue premium of \$7,463,211.25; (iv) the Second Lien Series 2023A Bonds at a price equal to \$157,056,885.33, which represents the aggregate principal amount of the Second Lien Series 2023A Bonds, less an Underwriters’ discount of \$1,108,786.22, plus an original issue premium of \$16,020,671.55; and (v) the Second Lien Series 2023B Bonds at a price equal to \$360,821,202.87, which represents the aggregate principal amount of the Second Lien Series 2023B Bonds, less an Underwriters’ discount of \$2,633,797.13.

The initial public offering prices of the Series 2023 Bonds may be changed from time to time by the Underwriters. The Series 2023 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Series 2023 Bonds into investment trusts) at prices lower than such public offering prices.

The obligation of the Underwriters to accept delivery of the Series 2023 Bonds is subject to various conditions set forth in a Bond Purchase Agreement, dated January 20, 2023, between the Underwriters and the City. The Underwriters are obligated to purchase all of the Series 2023 Bonds if any of the Series 2023 Bonds are purchased.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Corporation and to persons and entities with relationships with the Corporation, for which they received or will receive customary fees and expenses. The City intends to use the net proceeds from this offering, conveyed to the City by the Corporation pursuant to the Sale Agreement, to implement a portion of the Financing Plan.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation and of the City and/or persons and entities with relationships with the Corporation. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Dealer-Managers acted as dealer managers in connection with the Corporation's Offer to Tender, dated January 3, 2023, with respect to the Tendered GO Bonds, and will receive customary compensation in connection therewith. In addition, certain of the Underwriters and/or their respective affiliates may hold a portion of the Tendered GO Bonds for their own account and/or for the accounts of their customers and, therefore, may receive a portion of the sale proceeds from the Senior Lien Series 2023C Bonds and the Second Lien Series 2023 Bonds.

UBS FSI, one of the underwriters of the Series 2023 Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("**UBS Securities**") in order to distribute certain municipal securities offerings (including the Series 2023 Bonds) to UBS Securities' institutional customers. Pursuant to such agreement, if any the Series 2023 Bonds are allocated to a UBS Securities institutional customer, UBS FSI will share a portion of the underwriting compensation attributable to such Series 2023 Bonds with UBS Securities. UBS FSI and UBS Securities are each a subsidiary of UBS Group AG.

LEGAL OPINIONS OF COUNSEL

Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, as Co-Transaction Counsel, will each render opinions with respect to the validity of the Series 2023 Bonds and the federal tax treatment of the interest on the Series 2023 Bonds in substantially the forms set forth in "**APPENDIX B – PROPOSED FORMS OF OPINIONS OF CO-TRANSACTION COUNSEL.**" Certain legal matters with respect to the Corporation will be passed upon by (i) Co-Transaction Counsel, (ii) Mayer Brown LLP, Chicago, Illinois, as counsel to the Corporation, and (iii) Golden Holley James LLC, Chicago, Illinois, and the Hardwick Law Firm, Chicago, Illinois, as Co-Disclosure Counsel to the Corporation. Certain legal matters with respect to the City will be passed upon by (i) its Corporation Counsel and (ii) Chapman and Cutler LLP, Chicago, Illinois, as Special Counsel to the City. Certain legal matters will be

passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois, and Neal & Leroy LLC, Chicago, Illinois, as Co-Underwriters' Counsel.

CERTIFICATION OF OFFERING CIRCULAR

The Senior Lien Series 2023AB Bonds are authorized and are being issued pursuant to the City 2017 Ordinance and the STSC 2017 Resolution. The Senior Lien Series 2023C Bonds are authorized and are being issued pursuant to the City 2017 Ordinance, the STSC 2017 Resolution and the STSC 2023 Resolution. The Second Lien Series 2023 Bonds are authorized and are being issued pursuant to the City 2020/2021 Ordinance, the STSC 2020 Resolution and the STSC 2022 Resolution.

SALES TAX SECURITIZATION CORPORATION

By: /s/ Jennie Huang Bennett
President

APPENDIX A

DTC BOOK-ENTRY-ONLY SYSTEM

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APPENDIX A

DTC BOOK-ENTRY-ONLY SYSTEM

GENERAL

The information set forth in this **APPENDIX A** concerning DTC has been obtained from sources that the Corporation believes to be reliable, but neither the Corporation, the Trustee nor the Underwriters takes any responsibility for the accuracy, completeness or adequacy of such information or makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The information set forth in this **APPENDIX A** is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. Investors wishing to use the facilities of DTC are advised to confirm the continued applicability of DTC's rules, regulations and procedures. DTC is not under any obligation to perform or continue to perform the procedures referred to in this **APPENDIX A**, and such procedures may be discontinued at any time.

Neither the Corporation, the Trustee nor the Underwriters will have any responsibility for the performance by DTC, or its Direct Participants or Indirect Participants or account holders, of their respective obligations under the rules and procedures governing their operations or the arrangements referred to in this **APPENDIX A**.

The Corporation will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2023 Bonds held through the facilities of DTC or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, REFERENCES HEREIN TO THE BONDHOLDERS OR HOLDERS OR REGISTERED OWNERS OF THE SERIES 2023 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS.

DTC BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the Series 2023 Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2023 Bonds will not receive certificates representing their interests in the Series 2023 Bonds purchased.

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each principal amount of Series 2023 Bonds of each series maturing on a

specific date and bearing interest at a specific rate, each in the aggregate principal amount of such quantity of Series 2023 Bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond (a "**Beneficial Owner**") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Lien Indenture or the Second Lien Indenture, as applicable. For example, Beneficial Owners of Series 2023 Bonds may wish to ascertain that

the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. Subject to the provisions described in this Offering Circular under “**THE SERIES 2023 BONDS – REDEMPTION PRIOR TO MATURITY**,” if less than all of the Series 2023 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2023 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, Redemption Price and interest on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Redemption Price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bond certificates will be printed and delivered to DTC.

THE CORPORATION, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS: (1) PAYMENTS OF PRINCIPAL, REDEMPTION PRICE OR INTEREST ON THE SERIES 2023 BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2023 BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE AND CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFERING CIRCULAR.

NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, PARTICIPANTS OR THE BENEFICIAL

OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANTS, (2) THE PAYMENT BY DTC OR ANY PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL, REDEMPTION PRICE OR INTEREST ON THE SERIES 2023 BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE SERIES 2023 BONDS UNDER THE TERMS OF THE SENIOR LIEN INDENTURE OR THE SECOND LIEN INDENTURE, AS APPLICABLE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2023 BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITERS MAKES ANY REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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APPENDIX B

PROPOSED FORMS OF OPINIONS OF CO-TRANSACTION COUNSEL

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APPENDIX B

PROPOSED FORMS OF OPINIONS OF CO-TRANSACTION COUNSEL

SENIOR LIEN SERIES 2023 BONDS FORM OF OPINION OF CO-TRANSACTION COUNSEL

February __, 2023

Sales Tax Securitization Corporation
55 East Monroe Street
Chicago, Illinois 60603

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$100,449,000 aggregate principal amount of Sales Tax Securitization Bonds, Series 2023A (Social Bonds) (the “**Series 2023A Bonds**”), \$59,422,000 aggregate principal amount of Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds) (the “**Series 2023B Bonds**”) and \$74,985,000 aggregate principal amount of Sales Tax Securitization Bonds, Refunding Series 2023C (the “**Series 2023C Bonds**,” and together with the Series 2023A Bonds and the Series 2023B Bonds, the “**Series 2023 Bonds**”), by the Sales Tax Securitization Corporation (the “**Corporation**”), a not-for-profit corporation organized under the General Not For Profit Corporation Act of 1986, 805 ILCS 105, as amended, and an instrumentality of the City of Chicago (the “**City**”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2023 Bonds are issued under and pursuant to a Master Trust Indenture, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), dated as of December 1, 2017 (the “**Master Indenture**”), as supplemented by a Sixth Supplemental Trust Indenture, dated as of February 1, 2023, by and between the Corporation and the Trustee, authorizing the issuance of the Series 2023 Bonds (the “**Sixth Supplemental Trust Indenture**,” which, together with the Master Indenture, are collectively referred to herein as the “**Indentures**”). Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Indentures.

The Series 2023 Bonds are part of an issue of bonds of the Corporation (the “**Bonds**”), which the Corporation has established and created under the terms of the Master Indenture and is authorized to issue from time to time for the purposes authorized by the Master Indenture, as then in effect, and without limitation as to amount, except as provided in the Master Indenture or as may be limited by law.

The Corporation is authorized to issue Bonds, in addition to the Series 2023 Bonds, only upon the terms and conditions set forth in the Master Indenture, and such Bonds, when issued, will with all other Bonds which have been or may be issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Master Indenture.

The Series 2023A Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on January 1, 2024, and semiannually thereafter on January

1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2026	\$3,000,000	3.00%	2032	\$ 4,249,000	5.00%
2027	7,729,000	3.00	2033	250,000	3.00
2028	5,451,000	5.00	2033	4,319,000	5.00
2029	8,254,000	4.00	2034	125,000	3.00
2030	60,000	3.00	2034	5,041,000	5.00
2030	4,218,000	5.00	2042	24,990,000	4.00
2031	3,813,000	5.00	2044	28,950,000	5.00

The Series 2023B Bonds are dated and bear interest from their date of delivery and mature on January 1, and bear interest, payable beginning on January 1, 2024, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2026	\$1,000,000	4.408%	2031	\$ 2,947,000	4.747%
2027	2,590,000	4.431	2032	3,093,000	4.767
2028	1,828,000	4.511	2033	3,191,000	4.847
2029	2,763,000	4.586	2034	3,391,000	4.997
2030	1,466,000	4.636	2041	37,153,000	5.293

The Series 2023C Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on January 1, 2024, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2031	\$5,000,000	5.000%	2036	\$ 8,355,000	5.000%
2032	5,000,000	5.000	2037	15,015,000	5.000
2033	5,000,000	5.000	2038	15,760,000	5.000
2034	5,000,000	5.000	2039	8,250,000	5.000
2035	7,605,000	5.000			

The Series 2023 Bonds are issued as fully registered bonds in denominations of \$1,000 or integral multiples thereof. The Series 2023A Bonds, the Series 2023B Bonds and the Series 2023C Bonds are each numbered consecutively from one upward in order of issuance.

The Series 2023 Bonds are subject to redemption prior to maturity as provided in the Sixth Supplemental Trust Indenture.

The Series 2023 Bonds are being issued for the purposes set forth in the Sixth Supplemental Indenture. The City, the Corporation and the Trustee have entered into an Assignment, Purchase and Sale

Agreement, dated as of December 14, 2017 (the “**Sale Agreement**”), pursuant to which the City assigned its rights in and to certain payments payable upon the order of the State Comptroller of the State of Illinois (the “**State**”) to or upon the order of the City or the Corporation as transferee resulting from certain taxes (i) imposed by the City pursuant to its home rule powers as currently authorized by the Municipal Code of Chicago (the “**Home Rule Sales Tax Revenues**”), and (ii) imposed by the State pursuant to State law (the “**Local Share Sales Tax Revenues**,” and together with the Home Rule Sales Tax Revenues, the “**Sales Tax Revenues**”). The Corporation, in consideration for such assignment, has agreed to issue its Bonds and apply the net proceeds for the purposes permitted by the Master Indenture. We assume the parties will perform their respective covenants in the Master Indenture and the Sale Agreement in all material respects.

The Internal Revenue Code of 1986, as amended (the “**Code**”), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2023A Bonds and the Series 2023C Bonds (together, the “**Series 2023 Tax Exempt Bonds**”) for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2023 Tax Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2023 Tax Exempt Bonds. The Corporation has covenanted in the Indentures, the City has covenanted in the Sale Agreement, and the Corporation and the City have each covenanted in the Tax Certificate and Agreement dated the date hereof (the “**Tax Certificate**”) to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2023 Tax Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation and the City have made certain representations and certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

We have examined an executed Series 2023A Bond, an executed Series 2023B Bond and an executed Series 2023C Bond, and, in our opinion, the forms of said bonds and their execution are regular and proper.

We are of the opinion that:

1. The Corporation has been duly formed and is validly existing as a not-for-profit corporation under the General Not For Profit Corporation Act of 1986, 805 ILCS 105, as amended, with the right and lawful authority and power to enter into the Indentures and to issue the Bonds thereunder, including the Series 2023 Bonds.

2. The Indentures have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms.

3. The Series 2023 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State and in accordance with the Indentures. The Series 2023 Bonds are legal, valid and binding special obligations of the Corporation payable as provided in the Indentures, are enforceable in accordance with their terms and the terms of the Indentures, and are entitled to the equal benefits of the Indentures.

4. The Corporation has the right and lawful authority and power to enter into the Sale Agreement, and the Sale Agreement has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

5. Under existing law, and assuming compliance with the tax covenants described above and the accuracy of the aforementioned representations and certifications of the Corporation and the City, interest on the Series 2023 Tax Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the individual alternative minimum tax imposed under the Code. For taxable years beginning after December 31, 2022, interest on the Series 2023 Tax Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

6. Interest on the Series 2023B Bonds is includible in gross income for federal income tax purposes.

7. Interest on the Series 2023 Bonds is not exempt from present State of Illinois income taxes.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Indentures, the Series 2023 Bonds, and the Sale Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, arrangements, fraudulent conveyances or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

Except as stated in paragraphs 5, 6 and 7 above, we express no opinion as to any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. Furthermore, we express no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2023 Bonds, or the interest thereon, if any action is taken with respect to Series 2023 Bonds or the proceeds thereof upon the advice or approval of other counsel. Our opinion is limited to the matters expressly set forth herein.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of any document or agreement by any party other than the Corporation. We have assumed the due authorization, execution and delivery of the Indentures and the Sale Agreement by each of the other parties thereto.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering materials relating to the Series 2023 Bonds, and we express no opinion herein as to the accuracy, adequacy or completeness of the Offering Circular or other offering materials relating to the Series 2023 Bonds.

The opinions expressed herein may be relied upon by the addressee and may not be relied upon by any other person without our prior written consent. The opinions expressed herein represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinions and are not a guaranty of a result. The opinions expressed herein are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

SECOND LIEN SERIES 2023 BONDS
FORM OF OPINION OF CO-TRANSACTION COUNSEL

February __, 2023

Sales Tax Securitization Corporation
55 East Monroe Street
Chicago, Illinois 60603

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$142,145,000 aggregate principal amount of Second Lien Sales Tax Securitization Bonds, Refunding Series 2023A (the “**Series 2023A Bonds**”) and \$363,455,000 aggregate principal amount of Second Lien Sales Tax Securitization Bonds, Taxable Refunding Series 2023B (the “**Series 2023B Bonds**,” and together with the Series 2023A Bonds, the “**Series 2023 Bonds**”), by the Sales Tax Securitization Corporation (the “**Corporation**”), a not-for-profit corporation organized under the General Not For Profit Corporation Act of 1986, 805 ILCS 105, as amended (the “**Act**”), and an instrumentality of the City of Chicago (the “**City**”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2023 Bonds are issued under and pursuant to a Master Trust Indenture, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), dated as of December 1, 2017 (the “**Master Indenture**”), as supplemented by a Second Lien Supplemental Trust Indenture, dated as of January 1, 2020, by and between the Corporation and the Trustee (the “**Second Lien Supplemental Indenture**,” and together with the Master Indenture, the “**Second Lien Indenture**”), authorizing the issuance of the Second Lien Bonds (as defined below) as Subordinated Indebtedness under the Master Indenture, and a Third Supplement to the Second Lien Supplemental Trust Indenture, dated as of February 1, 2023, by and between the Corporation and the Trustee, authorizing the issuance of the Series 2023 Bonds (the “**Third Supplemental Trust Indenture**,” which, together with the Second Lien Indenture are collectively referred to herein as the “**Indentures**”). Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Indentures.

The Series 2023 Bonds are part of an issue of bonds of the Corporation (the “**Second Lien Bonds**”), which the Corporation has established and created under the terms of the Second Lien Indenture and is authorized to issue from time to time for the purposes authorized by the Second Lien Indenture, as then in effect, and without limitation as to amount, except as provided in the Second Lien Indenture or as may be limited by law.

The Corporation is authorized to issue Second Lien Bonds in addition to the Series 2023 Bonds only upon the terms and conditions set forth in the Second Lien Indenture, and such Second Lien Bonds, when issued, will with all other Second Lien Bonds which have been or may be issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second Lien Indenture.

The Series 2023A Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on January 1, 2024, and semiannually thereafter on January

1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2024	\$ 5,000,000	4.000%	2033	\$37,965,000	5.000%
2024	38,690,000	5.000	2034	49,340,000	5.000
2028	10,000,000	5.000	2037	1,150,000	5.000

The Series 2023B Bonds are dated and bear interest from their date of delivery and mature on January 1, and bear interest, payable beginning on January 1, 2024, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2025	\$27,425,000	4.564%	2030	\$ 74,570,000	4.736%
2026	44,915,000	4.558	2031	80,935,000	4.847
2027	15,470,000	4.581	2032	38,080,000	4.867
2028	59,935,000	4.631	2033	10,970,000	4.947
2029	11,155,000	4.686			

The Series 2023 Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Series 2023A Bonds and the Series 2023B Bonds are each numbered consecutively from one upward in order of issuance.

The Series 2023 Bonds are subject to redemption prior to maturity as provided in the Third Supplemental Trust Indenture.

The Series 2023 Bonds are being issued for the purposes set forth in the Third Supplemental Trust Indenture. The City, the Corporation and the Trustee are parties to the Sale Agreement, pursuant to which the City has assigned its rights in and to certain payments payable upon the order of the State Comptroller of the State of Illinois (the “**State**”) to or upon the order of the City or the Corporation as transferee resulting from certain taxes (i) imposed by the City pursuant to its home rule powers as currently authorized by the Municipal Code of Chicago, and (ii) imposed by the State pursuant to State law. The Corporation, in consideration for such assignment, has agreed to issue its Second Lien Bonds and apply the net proceeds for the purposes permitted by the Second Lien Indenture. We assume the parties will perform their respective covenants in the Second Lien Indenture and the Sale Agreement in all material respects.

The Internal Revenue Code of 1986, as amended (the “**Code**”), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2023A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2023A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2023A Bonds. The Corporation has covenanted in the Indentures, the City has covenanted in the Sale Agreement, and the Corporation and the City have each covenanted in the Tax Certificate and Agreement dated the date hereof (the “**Tax Certificate**”) to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2023A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation and the City have made certain representations and

certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

We have examined an executed Series 2023A Bond and an executed Series 2023B Bond and, in our opinion, the forms of said bonds and their execution are regular and proper.

We are of the opinion that:

1. The Corporation has been duly formed and is validly existing as a not-for-profit corporation under the Act, with the right and lawful authority and power to enter into the Indentures and to issue the Second Lien Bonds thereunder, including the Series 2023 Bonds.

2. The Indentures have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms.

3. The Series 2023 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, and in accordance with the Indentures. The Series 2023 Bonds are legal, valid and binding special obligations of the Corporation payable as provided in the Indentures, are enforceable in accordance with their terms and the terms of the Indentures and are entitled to the equal benefits of the Second Lien Indenture.

4. The Corporation has the right and lawful authority and power to enter into the Sale Agreement, and the Sale Agreement has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

5. Under existing law, and assuming compliance with the tax covenants described above and the accuracy of the aforementioned representations and certifications of the Corporation and the City, interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the individual alternative minimum tax imposed under the Code. For taxable years beginning after December 31, 2022, interest on the Series 2023A Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

6. Interest on the Series 2023B Bonds is includible in gross income for federal income tax purposes.

7. Interest on the Series 2023 Bonds is not exempt from present State of Illinois income taxes.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Indentures, the Series 2023 Bonds, and the Sale Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, arrangements, fraudulent conveyances or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

Except as stated in paragraphs 5, 6 and 7 above, we express no opinion as to any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. Furthermore, we express no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2023 Bonds, or the interest thereon, if any

action is taken with respect to Series 2023 Bonds or the proceeds thereof upon the advice or approval of other counsel. Our opinion is limited to the matters expressly set forth herein.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of any document or agreement by any party other than the Corporation. We have assumed the due authorization, execution and delivery of the Indentures and the Sale Agreement by each of the other parties thereto.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering materials relating to the Series 2023 Bonds, and we express no opinion herein as to the accuracy, adequacy or completeness of the Offering Circular or other offering materials relating to the Series 2023 Bonds.

The opinions expressed herein may be relied upon by the addressee and may not be relied upon by any other person without our prior written consent. The opinions expressed herein represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinions and are not a guaranty of a result. The opinions expressed herein are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX C-1

**CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS
OF THE SENIOR LIEN INDENTURE**

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APPENDIX C-1

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

DEFINITIONS OF CERTAIN TERMS

“**Accreted Value**” means with respect to any Second Lien Bond or Senior Lien Bond that is a Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Capital Appreciation Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

“**Act**” means Public Act 100-0023, approved and effective July 6, 2017, adding Division 13 to Article 8 of the Illinois Municipal Code.

“**Additional Senior Lien Bonds**” means any Senior Lien Bonds issued subsequent to issuance of the Senior Lien Series 2023 Bonds.

“**Appreciated Value**” means with respect to any Senior Lien Bond that is a Deferred Income Bond or Second Lien Bond that is a Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Senior Lien Bond that is a Deferred Income Bond or Second Lien Bond that is a Deferred Income Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

“**Arbitrage Rebate Account**” means the fund so designated and established pursuant to the section of the Master Indenture described herein under the heading “**ESTABLISHMENT OF FUNDS AND ACCOUNTS.**”

“**Authorized Officer**” means (i) in the case of the Corporation, the Chair, the President and the Secretary-Treasurer, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Corporation to perform such act or execute such document, (ii) in the case of the City, the Chief Financial Officer or, should the position of the Chief Financial Officer be terminated, vacated or cease to exist for any reason, the City Comptroller, and when used with reference to any act or document also means any other person authorized by a resolution to perform such act or execute such document, and (iii) in the case of the Trustee, a Vice President, or an Assistant Vice President or any other corporate trust officer of the Trustee, and when used with reference to any act or document

also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

“Book Entry Bond” means a Second Lien Bond or a Senior Lien Bond issued to and registered in the name of a Depository for the participants in such Depository.

“Business Day” means any day other than (i) a Saturday or a Sunday or a legal holiday or (ii) a day on which banking institutions in Chicago, Illinois or New York, New York, are required or authorized by law, regulation or executive order to be closed.

“Capital Appreciation Bond” means any Second Lien Bond or Senior Lien Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

“Capitalized Interest” means (i) with respect to Second Lien Bonds, interest on Second Lien Bonds payable from money on deposit in the Second Lien Capitalized Interest Account; and (ii) with respect to Senior Lien Bonds, interest on Senior Lien Bonds payable from money on deposit in the Capitalized Interest Account as provided in the Master Indenture.

“Capitalized Interest Account” means the accounts within the applicable Proceeds Funds so designated, created and established pursuant to the section of the respective Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS”**.

“Chicago Municipal Code” means the Municipal Code of Chicago, as the same may be amended from time to time.

“City” means the City of Chicago, a home rule municipality under Section 6 of Article VII of the Illinois Constitution of 1970.

“City Proceeds Account” means the account within the Proceeds Fund so designated, created and established pursuant to the Master Indenture, described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE MASTER INDENTURE.”**

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“Corporation” means the Sales Tax Securitization Corporation, an Illinois not-for-profit corporation, and its successors and assigns.

“Corporation Expenses” means all costs, fees and expenses of the Corporation of any kind arising out of or incurred in connection with carrying out and administering its corporate purposes, powers and duties, including, without limitation: salaries; insurance premiums; fees, charges, expenses, regularly scheduled payments, indemnities and other similar charges payable to or for (i) Providers, (ii) auditing, legal, financial and investment advisory and other professional and consulting services, (iii) fiduciaries, paying agents, transfer agents and other agents, (iv) printing, advertisements and publication or other distribution of notices; and (v) any and all other fees, charges and expenses required or permitted to be incurred by the Corporation or required to be paid by the Corporation that are not payable from amounts on deposit in any fund or account established pursuant to the Master Indenture.

“Costs of Issuance” means the items of expense incurred prior to, upon and during a reasonable period of time after issuance of the Secured Obligations of a Series, in each case in connection with the

organization and initial operation of the Corporation, and authorization, sale and issuance of the Secured Obligations, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of the Secured Obligations, premiums, fees and charges for insurance on the Secured Obligations, commitment fees or similar charges relating to a Reserve Fund Facility, and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Account” means the applicable accounts within the Proceeds Funds so designated, created and established pursuant to the section of the respective Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS.”**

“Debt Retirement Fund” means the fund so designated, created and established pursuant to the Master Indenture, described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE MASTER INDENTURE.”**

“Debt Service Reserve Deposit Requirement” means with respect to any Series of Senior Lien Bonds, for each required withdrawal from the Debt Service Reserve Fund pursuant to the Master Indenture, the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement under the Master Indenture or the amounts required to be deposited therein by any Supplemental Indenture.

“Debt Service Fund” means the fund so designated, created and established pursuant to the section of the respective Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS.”**

“Debt Service Reserve Deposit Requirement” means (i) for each required withdrawal from the Debt Service Reserve Fund pursuant to the second paragraph of the section of the respective Indenture described herein under the heading **“DEBT SERVICE FUND,”** the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement assuming twelve (12) equal monthly deposits and (ii) for any required deposits to the Debt Service Reserve Fund in connection with the issuance of Additional Senior Lien Bonds, the amounts required to be deposited therein by the Supplemental Indenture authorizing the issuance of such Series of Senior Lien Bonds.

“Defeasance Security” means:

(i) a Government Obligation (including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form), that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date; *provided* that at the time an investment therein is made such Government Obligation is rated in the highest rating category by at least two Rating Services without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation or is rated at least as high as the rating of the US government; and

(ii) a Municipal Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Municipal Obligation by the obligor thereof to give due notice of redemption and to call such Municipal Obligation for redemption on the date or dates specified in such instructions and such Municipal Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash

or obligations described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Municipal Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that at the time an investment therein is made is rated in the highest rating category by at least two Rating Services without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation.

“**Deferred Income Bond**” means any Second Lien Bond or Senior Lien Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Second Lien Bond or Senior Lien Bond, respectively, is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable as provided in the Supplemental Indenture authorizing issuance of such Second Lien Bonds or Senior Lien Bonds.

“**Department of Revenue**” means the Department of Revenue of the State.

“**Depository**” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or its nominee, or any other person, firm, association or corporation designated in the respective Indenture authorizing a Series of Senior Lien Bonds or Second Lien Bonds to serve as securities depository for Senior Lien Bonds or Second Lien Bonds of such Series.

“**Determination of Taxability**” means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Corporation shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Senior Lien Bond or Second Lien Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

“**Direction Letter**” means one or more letters from the City to the Corporation directing the Corporation or the Trustee with respect to the payment of the money in the City Proceeds Account or the Second Lien City Proceeds Account.

“**Electronic Means**” means facsimile transmission, email transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Master Indenture.

“**Eligible Investments**” means any of the following obligations or securities permitted under the laws of the State and the Chicago Municipal Code:

- (i) Defeasance Securities;
- (ii) interest-bearing general obligations of the United States of America;
- (iii) United States treasury bills and other non-interest bearing general obligations of the United States of America when offered for sale in the open market at a price below the face value of same, so as to afford the Corporation a return on such investment in lieu of interest;
- (iv) short-term discount Government Obligations;
- (v) certificates of deposit of national banks or banks located within the City which are (i) fully collateralized at least 110 percent by marketable Government Obligations marked to market at least monthly, (ii) secured by a corporate surety bond issued by an insurance company licensed to do business in the State and having a claims-paying rating in the top rating category as

rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment or (iii) insured by the Federal Deposit Insurance Corporation;

(vi) banker's acceptances of banks and commercial paper of banks whose senior obligations are rated in the top two short-term rating categories by at least two national rating agencies and maintaining such rating during the term of such investment;

(vii) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the Corporation's tax-exempt debt obligations; and

(viii) domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission, including any such fund for which the Trustee or any of its affiliates provides any service including any service for which a fee may be paid.

"Fiscal Year" means a period of twelve (12) consecutive months beginning January 1 of a calendar year and ending on December 31 of such calendar year.

"Fitch" means Fitch Ratings and its successors and assigns; *provided, however*, that references in the Master Indenture to Fitch shall be effective so long as Fitch is a Rating Service.

"Government Obligation" means (i) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, Federal Home Loan Banks, the Government National Mortgage Association, the Student Loan Marketing Association, or the Federal Farm Credit System and (ii) an obligation of the United States of America which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS").

"Home Rule Sales Tax Revenues" means all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of those taxes imposed by the City pursuant to its home rule powers as currently authorized by the Home Rule Municipal Retailers' Occupation Tax Act (65 ILCS 5/8-11-1), the Home Rule Municipal Service Occupation Tax Act (65 ILCS 5/8-11-5), and the Home Rule Municipal Use Tax Act (65 ILCS 5/8-11-6), each as supplemented and amended, or any successor or substitute law, ordinance or other legislation subsequently enacted (which taxes are currently imposed by the City pursuant to Sections 3-40-010, 3-40-430 and 3-28-030, respectively, of the Chicago Municipal Code, as amended), or successor or substitute taxes therefor as provided by law in the future.

"Interest Commencement Date" means, with respect to any particular Senior Lien Bond or Second Lien Bond that is a Deferred Income Bond, the date prior to the maturity date thereof specified in the respective Indenture authorizing such Senior Lien Bond or Second Lien Bond, after which interest accruing on such Deferred Income Bond shall be payable on the dates succeeding such Interest Commencement Date as specified in the respective Indenture authorizing such Deferred Income Bond, and with respect to any particular Senior Lien Bond or Second Lien Bond that is a Deferred Income Bond, the date prior to the maturity date thereof specified in the Master Indenture or Supplement thereof authorizing such Senior Lien Bond or specified in the Second Lien Supplemental Indenture or Supplement thereof authorizing such Second Lien Bond, whichever the case may be, after which interest accruing on such Deferred Income Bond shall be payable on the dates succeeding such Interest Commencement Date as specified in the respective Indenture or Supplemental thereof authorizing such Deferred Income Bond.

"Interest Funding Requirement" means, as of any date, 100% of the interest accrued on either all Outstanding Senior Lien Bonds or Second Lien Bonds, as applicable, as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve (12) 30-day months.

“Interest Payment Date” means each January 1 and July 1.

“KBRA” means Kroll Bond Rating Agency, Inc. and its successors and assigns; *provided, however*, that references herein and in the Second Lien Supplemental Indenture to KBRA shall be effective so long as KBRA is a Rating Service.

“Local Share Sales Tax Revenues” means all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of those taxes imposed by the State pursuant to the Use Tax Act (35 ILCS 105), the Service Use Tax Act (35 ILCS 110), the Service Occupation Tax Act (35 ILCS 115) and the Retailers’ Occupation Tax Act (35 ILCS 120), each as supplemented and amended, or successor or substitute taxes therefor as provided by law in the future.

“Master Indenture” means the Master Indenture of Trust dated as of December 1, 2017 by and between the Corporation and the Trustee.

“Maximum Annual Debt Service” means, as of any particular date of computation, an amount equal to the greatest amount required in the then current or any future Fiscal Year to pay the sum of the principal and Sinking Fund Installments of and interest on Senior Lien Bonds then Outstanding payable during such Fiscal Year; *provided, however*, that for purposes of this definition:

- (i) the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of interest and principal payable only during the calendar year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due; and
- (ii) Capitalized Interest payable during a Fiscal Year shall be excluded from such calculation.

“Municipal Obligation” means a full faith and credit obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision.

“Operating Cap” means two hundred fifty thousand dollars (\$250,000).

“Operating Fund” means the fund so designated, created and established pursuant to the section of the respective Indenture described herein under “Establishment of Funds and Accounts”.

“Outstanding,” when used in reference to Secured Obligations, means, as of a particular date, all such Secured Obligations authenticated and delivered under the Master Indenture and under any applicable Supplemental Indenture except:

- (i) any Secured Obligations canceled by the Trustee at or before such date;
- (ii) any Senior Lien Bonds deemed to have been paid in accordance with the provisions of the Master Indenture described herein under the heading **“DEFEASANCE”**;
- (iii) any Senior Lien Bond paid pursuant to the Master Indenture or any Senior Lien Bond in lieu of or in substitution for which another Senior Lien Bond, as applicable, shall have been authenticated and delivered pursuant to the Master Indenture;

(iv) any Subordinated Indebtedness paid or deemed to have been paid in accordance with the Supplemental Indenture pursuant to which such Subordinated Indebtedness was issued; and

(v) any Subordinated Indebtedness in lieu of or in substitution for which another Subordinated Indebtedness shall have been authenticated and delivered in accordance with the provisions of the Supplemental Indenture pursuant to which such Subordinated Indebtedness was issued.

“Paying Agent” means, with respect to the Senior Lien Bonds and Second Lien Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Master Indenture or Second Lien Supplemental Indenture or of a Supplemental Indenture thereto.

“Principal Funding Requirement” means, as of any date, an amount equal to the sum of the principal and Sinking Fund Installments due on either all Outstanding Senior Lien Bonds or Second Lien Bonds, as applicable, on the next succeeding Principal Payment Date assuming that such amount was payable in twelve (12) equal monthly installments on the first day of each calendar month ending on such Principal Payment Date.

“Principal Payment Date” means each January 1.

“Proceeds Fund” means the fund so designated, created and established pursuant to the section of the Master Indenture described here in under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE MASTER INDENTURE.”**

“Provider” means the provider or issuer of a Reserve Fund Facility.

“Provider Payments” means the amount, certified by a Provider to the Trustee, payable to such Provider on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto.

“Rating Confirmation” means the written confirmation of any Rating Service to the effect that the rating assigned, without regard to any insurance or other credit enhancement, to any of the Second Lien Bonds rated by such Rating Service will remain unchanged and will not be withdrawn, suspended or reduced as a consequence of some act or occurrence.

“Rating Service” means as of any particular date of determination each of Fitch, KBRA and S&P, or their respective successors, that then has a rating on Outstanding Bonds assigned at the request of the Corporation, or any nationally recognized statistical rating organization identified as such by the Securities and Exchange Commission that then has a rating on Outstanding Bonds assigned at the request of the Corporation.

“Record Date” means, when used in relation to the Senior Lien Bonds of Series, the date specified as the record date for such Senior Lien Bonds in the Supplemental Indenture to the Master Indenture authorizing such second Lien Bonds and when used in relation to the Second Lien Bonds of a Series, the date specified as the record date for such Second Lien Bonds in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bonds.

“Redemption Price” when used with respect to a Second Lien Bond means the principal amount of such Second Lien Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Second Lien Supplemental Indenture or to the applicable Supplemental Indenture

thereto, and when used with respect to a Senior Lien Bond the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Master Indenture or to the applicable Supplemental Indenture.

“**Refunding Senior Lien Bonds**” shall mean any of the Senior Lien Bonds authorized by the provisions of the Master Indenture described herein under the heading “Refunding Senior Lien Bonds”.

“**Reserve Fund Facility**” means in connection with Senior Lien Bonds a surety bond, insurance policy or letter of credit delivered in accordance with the provisions of the Master Indenture described under the heading “**DEBT SERVICE RESERVE FUND**” to meet all or any part of the Debt Service Reserve Fund Requirement, if any, if the same is on the date of delivery issued:

(i) in the case of a surety bond or insurance policy, by an insurance company or association duly authorized to do business in the State and either (A) the claims-paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category by at least two Rating Services; or

(ii) in the case of a letter of credit, by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long-term debt obligations of which, or long-term obligations secured or supported by a letter of credit issued by such person, are rated by at least two Rating Services at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, at least as high as the rating on any unenhanced Outstanding Bond.

“**Residual Certificate**” means an instrument which evidences the right of the holder to be paid any Residual Revenues on deposit in the Residual Fund.

“**Residual Fund**” means the fund so designated, created and established pursuant to the provisions of the Master Indenture described herein under the heading “**ESTABLISHMENT OF FUND AND ACCOUNTS UNDER THE MASTER INDENTURE.**”

“**Residual Revenues**” means all amounts deposited in the Residual Fund.

“**Responsible Officer**” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee within the corporate trust office specified in the Master Indenture (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in the Master Indenture because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Master Indenture.

“**Sale Agreement**” has the meaning ascribed thereto herein under the heading “**THE SALE AGREEMENT.**”

“**Sales Tax Revenues**” means, collectively, the Home Rule Sales Tax Revenues and the Local Share Sales Tax Revenues payable to the Corporation pursuant to the Sale Agreement.

“**S&P**” means S&P Global Ratings and its successors and assigns; *provided, however*, that references in the Master Indenture to S&P shall be effective so long as S&P is a Rating Service.

“**Secured Obligations**” means collectively, all Senior Lien Bonds and Subordinated Indebtedness.

“**Securitized Sales Tax Revenue Fund**” means the fund so designated, created and established pursuant to the section of the Master Indenture described under the heading “**ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE MASTER INDENTURE.**”

“**Senior Lien Bond**” means any bond of the Corporation authorized and issued pursuant to Section 2.01 of the Master Indenture and to a Supplemental Indenture thereto secured by a first priority lien on the Trust Estate.

“**Senior Lien Bondholder,**” “**Holder of Senior Lien Bonds**” or “**Holder**” or any similar term, when used with reference to a Senior Lien Bond or Bonds, means the registered owner thereof.

“**Serial Bonds**” means the Second Lien Bonds so designated in a Supplemental Indenture.

“**Series**” means (i) with respect to Senior Lien Bonds, all of the Senior Lien Bonds authenticated and delivered on original issuance and pursuant to the Master Indenture and to the Supplemental Indenture authorizing such Senior Lien Bonds as a separate Series of Senior Lien Bonds, and any Senior Lien Bonds thereafter authenticated and delivered in lieu of or in substitution for such Senior Lien Bonds pursuant to the Master Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions and (ii) with respect to Subordinated Indebtedness, all of the Subordinated Indebtedness authenticated and delivered on original issuance and pursuant to the Master Indenture and to the Supplemental Indenture authorizing such Subordinated Indebtedness as a separate Series of Subordinated Indebtedness, and any Subordinated Indebtedness thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Indebtedness pursuant to the Supplemental Indenture authorizing such Subordinated Indebtedness, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“**Series 2023 Bonds**” means collectively, the Corporation’s (i) Sales Tax Securitization Bonds, Series 2023A (Social Bonds), Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds) and Sales Tax Securitization Bonds, Refunding Series 2023C, authorized to be issued pursuant to a Sixth Supplemental Trust Indenture, dated as of February 1, 2023, and (ii) Second Lien Sales Tax Securitization Bonds, Refunding Series 2023A and Second Lien Sales Tax Securitization Bonds, Taxable Refunding Series 2023B, authorized to be issued pursuant to a Third Supplement to the Second Lien Supplemental Trust Indenture, dated as of February 1, 2023, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“**Sinking Fund Installment**” means, as of any date of computation, in connection with the Senior Lien Bonds the amount of money required to be paid on a single future January 1 for the retirement of any Senior Lien Bond which matures after said future January 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Senior Lien Bond and in connection with the Second Lien Bonds the amount of money required to be paid on single January 1 for the retirement of any Second Lien Bond which matures after said future January 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Second Lien Bond.

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

“**State Entity**” means the State Comptroller, the State Treasurer, or the Department of Revenue.

“**Subordinated Indebtedness**” means any indebtedness of the Corporation whether or not evidenced by any note, bond, debenture or other evidence of indebtedness incurred by the Corporation pursuant to a Supplemental Indenture in furtherance of its corporate purposes, which Subordinated Indebtedness shall be secured by a lien of the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to the Holders of Outstanding Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund. The Second Lien Bonds are Subordinated Indebtedness of the Corporation.

“**Subordinated Indebtedness Fund**” means the fund so designated, created and established pursuant to pursuant to pursuant to the section of the Master Indenture described herein under the heading “**ESTABLISHMENT OF ACCOUNTS UNDER THE MASTER INDENTURE.**”

“**Supplemental Indenture**” means any indenture of the Corporation amending or supplementing the Master Indenture or any prior Supplemental Indenture executed and becoming effective in accordance with the terms and provisions of the Master Indenture.

“**Taxable Series 2023 Bonds**” means the Senior Lien Series 2023B Bonds and the Second Lien Series 2023B Bonds.

“**Tax Exempt Bond**” means any Senior Lien Bond or Second Lien Bond as to which Transaction Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

“**Term Bond**” means a Senior Lien Bond or Second Lien Bond so designated in a Supplemental Indenture and payable from Sinking Fund Installments.

“**Transaction Counsel**” means a nationally recognized bond counsel as may be selected by the Corporation for a specific purpose under the Master Indenture.

“**Trust Estate**” has the meaning given to such term in the granting clause of the Master Indenture.

“**Trustee**” means the bank or trust company appointed as Trustee pursuant to the Master Indenture and having the duties, responsibilities and rights provided for therein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

“**Valuation Date**” means (a) with respect to any Second Lien Bond that is a Capital Appreciation Bond, the date or dates set forth in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and with respect to any Second Lien Bond that is a Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bond on which specific Appreciated Values are assigned to such Second Lien Bond that is a Deferred Income Bond, and (b) with respect to any Senior Lien Bond that is a Capital Appreciation Bond, the date or dates set forth in the Master Indenture and any Supplement thereof authorizing such Senior Lien Bond on which specific Accreted Values are assigned to such Senior Lien Bond that is a Capital Appreciation Bond, and with respect to any Senior Lien Bond that is a Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the

Master Indenture and any Supplement thereof authorizing such Senior Lien Bond on which specific Appreciated Values are assigned to such Senior Lien Bond that is a Deferred Income Bond.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The following is a summary of certain provisions of the Master Indenture. Such summary does not purport to be complete, and reference is made to for full and complete statements of such and all provisions.

ISSUANCE OF SENIOR LIEN BONDS

The issuance of the Senior Lien Series 2023 Bonds and each Series of Additional Senior Lien Bonds shall be authorized by a Supplemental Indenture or Supplemental Indentures, executed by the Corporation and delivered to the Trustee. The Corporation shall, in addition to other requirements of the Master Indenture deliver to the Trustee: (a) a copy of the Master Indenture and the Supplemental Indenture authorizing such Senior Lien Bonds, certified by an Authorized Officer of the Corporation; (b) a copy of the Sale Agreement, certified by an Authorized Officer of the Corporation; (c) a copy of the direction of the City to the Director of the Department of Revenue, the State Comptroller and the State Treasurer to pay all Sales Tax Revenues to the Trustee on behalf of the Corporation, which direction shall be irrevocable for so long as any Senior Lien Bonds or Subordinated Indebtedness remains Outstanding; (d) a certificate of an Authorized Officer of the City approving the issuance of the Senior Lien Bonds, including a copy of the ordinance of the City Council of the City authorizing the issuance of such Senior Lien Bonds and approving the amount and terms of such Senior Lien Bonds and the purposes for which the proceeds of such Senior Lien Bonds will be used; (e) if a Reserve Fund Facility is to be provided in connection with the issuance of the Senior Lien Bonds of such Series, such Reserve Fund Facility and the opinion of counsel to the Provider as required by the Master Indenture; (f) a written order as to the delivery of such Senior Lien Bonds, signed by an Authorized Officer of the Corporation, describing the Senior Lien Bonds to be delivered, designating the purchaser or purchasers to whom such Senior Lien Bonds are to be delivered and stating the consideration for such Senior Lien Bonds; (g) a certificate of an Authorized Officer of the Corporation stating the amount, if any, required to be in the Debt Service Reserve Fund after issuance of the Senior Lien Bonds then to be issued, and that after deposit in the Debt Service Reserve Fund of the amount, if any, to be deposited therein in connection with the issuance of such Bonds, the amount on deposit in such fund will not be less than the amount then required to be therein; (h) a certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Senior Lien Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Master Indenture or stating that after the issuance of the Senior Lien Bonds the Corporation will no longer be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Master Indenture; (i) a certificate of an Authorized Officer of the Corporation setting forth (1) (A) Maximum Annual Debt Service after giving effect to the issuance of the Senior Lien Bonds of such Series (exclusive of Capitalized Interest and Senior Lien Bonds for which provision for the payment thereof has been made in accordance with the Master Indenture on or prior to the date of issuance of the Senior Lien Bonds then to be issued, including as a result of the issuance of the Senior Lien Bonds then to be issued) and (B) the Operating Cap applicable for each such Fiscal Year and (2) Sales Tax Revenues for the most recently completed Fiscal Year; *provided, however*, that the Senior Lien Bonds may be issued without satisfying this clause (i); and *provided, further*, that in connection with the issuance of any Additional Senior Lien Bonds prior to the end of the first full Fiscal Year of the Corporation, Sales Tax Revenues will equal the Home Rule Sales Tax Revenues and the Local Share Sales Tax Revenue that were paid to the City in the most recently completed fiscal year of the City; (j) a certificate of an Authorized Officer which demonstrates that the Sales Tax Revenues set forth in clause (i)(2) above are at least 400% of Maximum Annual Debt Service calculated as set forth in clause (i)(1)(A) above; and (k) an opinion of Transaction Counsel to the effect that the Master Indenture and the applicable Supplemental Indenture authorizing the Series of Senior Lien Bonds have been duly and lawfully authorized, executed and delivered by the

Corporation; that the Master Indenture and the applicable Supplemental Indenture are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms; that the Master Indenture creates the valid pledge and the valid lien upon the Sales Tax Revenues which it purports to create, subject only to the provisions of the Master Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Master Indenture and each applicable Supplemental Indenture; and that the Corporation is duly authorized and entitled to issue such Series of Senior Lien Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Senior Lien Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Corporation entitled to the benefits of the Master Indenture.

(MASTER INDENTURE SECTION 2.02)

REFUNDING BONDS

Subject to the provisions of the Master Indenture, Senior Lien Bonds may be issued by the Corporation for the purpose of refunding any Outstanding Bonds without satisfying the provisions of clauses (i) and (j) of the heading “**ISSUANCE OF SENIOR LIEN BONDS**” above, *provided* that the Corporation delivers a certificate of an Authorized Officer of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Senior Lien Bonds after giving effect to the issuance of the Refunding Senior Lien Bonds will not be greater than the amount payable during such Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Bonds immediately prior to the issuance of such Refunding Second Lien Bonds.

(MASTER INDENTURE SECTION 2.04)

SUBORDINATED INDEBTEDNESS

The Corporation reserves the right to incur Subordinated Indebtedness pursuant to a Supplemental Indenture, *provided* that such Subordinated Indebtedness is authorized by an ordinance of the City, which ordinance approves the amount and the terms of such Subordinated Indebtedness and the purposes for which the proceeds of such Subordinated Indebtedness will be used. Subordinated Indebtedness shall be secured by a lien on the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to Holders of Outstanding Bonds.

(MASTER INDENTURE SECTION 2.05)

RESIDUAL CERTIFICATE

Subject to the provisions of the Master Indenture, all amounts in the Residual Fund shall be paid to or on the order of the holder of the Residual Certificate free and clear of the lien of the Master Indenture. At delivery of the Senior Lien Bonds, the Residual Certificate shall be delivered to, and registered on the books of the Corporation kept by the Trustee in the name of the City.

(MASTER INDENTURE SECTION 2.06)

AUTHORIZATION OF REDEMPTION

Senior Lien Bonds subject to redemption prior to maturity pursuant to the Master Indenture or to a Supplemental Indenture shall be redeemable, in accordance with the Master Indenture, at such times, at

such Redemption Prices and upon such terms as may otherwise be specified in the Master Indenture or in the Supplemental Indenture authorizing such Series.

(MASTER INDENTURE SECTION 4.01)

REDEMPTION AT THE ELECTION OF THE CORPORATION

The Series, maturities and principal amounts thereof to be so redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Master Indenture or in the Supplemental Indenture authorizing such Series. The Corporation shall pay to the Trustee on or prior to the redemption date an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Senior Lien Bonds to be so redeemed.

(MASTER INDENTURE SECTION 4.02)

REDEMPTION OTHER THAN AT CORPORATION'S ELECTION

Whenever by the terms of the Master Indenture the Trustee is required to redeem Senior Lien Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Senior Lien Bonds of the Series and maturities to be redeemed in the manner provided in the Master Indenture, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Master Indenture.

(MASTER INDENTURE SECTION 4.03)

SELECTION OF SENIOR LIEN BONDS TO BE REDEEMED

Unless otherwise provided in the Supplemental Indenture authorizing the issuance of Senior Lien Bonds of a Series, in the event of redemption of less than all of the Outstanding Senior Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Senior Lien Bond equal to the lowest denomination in which the Senior Lien Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Senior Lien Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Senior Lien Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Senior Lien Bonds to be redeemed. In making such selections the Trustee may draw the Senior Lien Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Senior Lien Bonds of a denomination of more than the lowest denomination in which the Senior Lien Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in this paragraph) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Senior Lien Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Senior Lien Bonds and select part of any Senior Lien Bond for redemption. The Senior Lien Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided, however*, that only so much of the principal amount of each such Senior Lien Bond of a denomination of more than the lowest denomination in which the Senior Lien Bonds of such Series are

authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Senior Lien Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(MASTER INDENTURE SECTION 4.04)

NOTICE OF REDEMPTION

Whenever Senior Lien Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Senior Lien Bonds in the name of the Corporation. Such notice shall be given by mailing a copy of such notice not less than twenty (20) days (or, if the Senior Lien Bonds are held by the Depository, in accordance with the rules of the Depository) nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Senior Lien Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Corporation that it has mailed or caused to be mailed such notice to the Holders of the Senior Lien Bonds to be redeemed in the manner provided in the Master Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Master Indenture. The failure of any Holder of a Senior Lien Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Senior Lien Bonds.

The Trustee shall, if any of the Senior Lien Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than twenty (20) days prior to the redemption at the most recent address therefor, or to any successor thereof (or, if the Senior Lien Bonds are held by the Depository, in accordance with the procedures of the Depository). Such copy shall be sent by first class mail, but mailing such copy shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copy was mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Senior Lien Bonds.

(MASTER INDENTURE SECTION 4.05)

PLEDGE OF TRUST ESTATE

The Corporation to secure the payment of the principal and Redemption Price of and interest on the Senior Lien Bonds and Subordinated Indebtedness and performance and observance of all of the covenants and conditions contained in the Master Indenture or any Supplemental Indentures, has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee its successor or successors and its or their assigns forever, with power of sale, the Trust Estate. The Senior Lien Bonds shall be special obligations of the Corporation payable solely from and secured by a pledge of the Trust Estate, which pledge shall constitute a first lien thereon.

The pledge is an agreement between the Corporation and Holders of Senior Lien Bonds and Subordinated Indebtedness, including the Second Lien Bonds, to provide security for the Senior Lien Bonds and Subordinated Indebtedness, including the Second Lien Bonds, and is in addition to any statutory lien that may exist.

(MASTER INDENTURE SECTION 5.01)

ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE MASTER INDENTURE

The following funds and accounts were established under the Master Indenture to be held in trust as provided therein:

- Proceeds Fund;
 - Cost of Issuance Account;
- Securitized Sales Tax Revenue Fund;
- Debt Service Fund;
 - Capitalized Interest Account;
 - Interest Account; and
 - Principal Account;
- Debt Service Reserve Fund;
- Arbitrage Rebate Fund;
- Subordinated Indebtedness Fund; and
- Debt Retirement Fund

The City Proceeds Account within the Proceeds Account is established and created by the Master Indenture and shall be held by the Trustee for the benefit of the City.

The Master Indenture also established the Operating Fund to be held by the Trustee for the benefit of the Corporation and the Residual Fund to be held by the Trustee for the benefit of the holder of the Residual Certificate.

(MASTER INDENTURE SECTION 5.02)

APPLICATION OF MONEY IN THE PROCEEDS FUND

As soon as practicable after the delivery of each Series of Senior Lien Bonds, there shall be deposited into each account within the Proceeds Fund, the Debt Service Fund and the Debt Service Reserve Fund the amount required to be deposited therein pursuant to the Supplemental Indenture authorizing such Series. The income or interest earned on investments held for the credit of the Proceeds Fund shall be withdrawn by the Trustee, as received, and deposited in the Interest Account of the Debt Service Fund unless otherwise expressly directed by an Authorized Officer of the Corporation.

Money in the City Proceeds Account of the Proceeds Fund shall be paid to or upon the direction of the City in accordance with a Direction Letter. Except as otherwise provided in the Master Indenture and in any applicable Supplemental Indenture money in the Costs of Issuance Account of the Proceeds Fund shall be used only to pay the Costs of Issuance of the Senior Lien Bonds. Such payments shall be made by the Trustee upon the written direction of an Authorized Officer of the Corporation.

The money remaining in the Proceeds Fund after paying or making provision in accordance with the direction of an Authorized Officer of the Corporation for the payments required to be made pursuant to the previous paragraph of this section, including any Costs of Issuance then unpaid, shall be applied as follows and in the following order of priority:

- FIRST:** To the Arbitrage Rebate Fund, the amount determined by the Corporation to be required to be deposited therein;
- SECOND:** To the Debt Service Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any; and

THIRD: Any balance remaining, upon the written direction of the City.

(MASTER INDENTURE SECTION 5.04)

DEPOSIT OF SALES TAX REVENUES IN THE SECURITIZED SALES TAX REVENUE FUND

The City has directed the Director of the Department of Revenue, the State Comptroller and the State Treasurer to pay all Sales Tax Revenues to the Trustee on behalf of the Corporation. All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two (2) Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund and such amounts shall be applied by the Trustee to fund the deposits set forth in the Master Indenture.

Any Sales Tax Revenues received by the Corporation shall be promptly (and no event later than two Business Days after receipt) transferred to the Trustee for deposit in the Securitized Sales Tax Revenue Fund.

(MASTER INDENTURE SECTION 5.05)

APPLICATION OF SALES TAX REVENUES

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority:

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority: (1) to the Operating Fund in each Fiscal Year (i) the lesser of (a) the Operating Cap and (b) the budgeted Corporation Expenses for such Fiscal Year less (ii) the amount on deposit in the Operating Fund as of the first day of such Fiscal Year available for the Corporation's Expenses for such Fiscal Year; (2) to the Interest Account of the Debt Service Fund, an amount equal to (a) any interest then due and unpaid on Outstanding Senior Lien Bonds, plus (b) 150% of the Interest Funding Requirement until the amount on deposit therein is equal to 100% of the interest due on all Outstanding Senior Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund; (3) to the Principal Account of the Debt Service Fund, an amount equal to (a) any principal and Sinking Fund Installments then due and unpaid on Outstanding Senior Lien Bonds, plus (b) 150% of the Principal Funding Requirement until such amount on deposit therein is equal to 100% of the principal and Sinking Fund Installments due on all Outstanding Senior Lien Bonds on the next succeeding Principal Payment Date; (4) to reimburse, pro rata, each Provider of a Reserve Facility as defined in the Master Indenture for the benefit of any Senior Lien Bonds for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider of such a Reserve Facility for Senior Lien Bonds; (5) upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund the amount set forth in such direction; (6) to the Debt Service Reserve Fund, the Debt Service Reserve Deposit Requirement, if any; (7) to the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture; (8) to the Corporation, the amount, if any, necessary to pay Corporation Expenses specified by a certificate of an Authorized Officer of the Corporation in excess of the Operating Cap for such Fiscal Year or incurred but not paid in the preceding Fiscal Year; (9) upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and (10) to the Residual Fund, any remaining balance.

(MASTER INDENTURE SECTION 5.06)

DEBT SERVICE FUND

The Trustee shall pay out of the Debt Service Fund the principal and Sinking Fund Installments of and interest on all Outstanding Bonds as the same is due and payable. Amounts paid to a Paying Agent for payments pursuant to this section shall be irrevocably pledged to and applied to such payments.

In the event that on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Bonds is due the amount in the Debt Service Fund is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds due on said date, the Trustee shall withdraw, first, from the Debt Retirement Fund, and then, from the Debt Service Reserve Fund, and deposit to the Debt Service Fund, such amount as will increase the amount therein to an amount sufficient to make such payments; *provided, however*, no amount shall be withdrawn from the Debt Retirement Fund if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased.

Notwithstanding the provisions of this section, the Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased or otherwise purchased and delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Corporation. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date.

Money in the Debt Service Fund on the last day of each Fiscal Year in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Bonds on the next succeeding Principal Payment Date, including the income or interest earned on investment of money in the Debt Service Fund, shall be withdrawn and transferred first, to the Debt Service Reserve Fund in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, second, to the Subordinated Indebtedness Fund, in such amount, if any, as is necessary to make the amount on deposit therein equal to the principal of and interest due and payable on the Subordinated Indebtedness on the next Principal Payment Date and third, any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant to the Master Indenture; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

(MASTER INDENTURE SECTION 5.07)

DEBT SERVICE RESERVE FUND

The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Senior Lien Bonds, if any, as shall be prescribed in the Supplemental Indenture authorizing the issuance of such Series of Senior Lien Bonds. If at any time the amount in the Debt Service Reserve Fund is not at least equal to the Debt Service Reserve Fund Requirement, the Corporation shall have no obligation to maintain or restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement other than as expressly provided in the Master Indenture.

In lieu of or in substitution for money or another Reserve Fund Facility, the Corporation may deliver or cause to be delivered to the Trustee a Reserve Fund Facility for the benefit of the Holders of the Senior Lien Bonds for all or any part of the Debt Service Reserve Requirement, if any; *provided, however*,

as a condition to delivery thereof (other than upon initial issuance of the Initial Bonds) the Trustee shall also receive (i) a Rating Confirmation, (ii) an opinion of counsel to the Provider acceptable to the Trustee to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Provider thereof and is valid, binding and enforceable in accordance with its terms, (iii) in the event such Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Trustee and to each Provider and (iv) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute voidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Corporation.

Each such Reserve Fund Facility shall be payable (upon the giving of such notice as may be required thereby) on any date on which money is required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of this section and the provisions of the Master Indenture described herein under the heading “**TRANSFER OF INVESTMENTS**,” in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

Money held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the second paragraph of “**DEBT SERVICE FUND**” herein; *provided, however*, that no payment under a Reserve Fund Facility shall be sought unless and until money is not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this paragraph cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; *provided, further*, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time money is to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of money on the date for which such money is required.

The income or interest earned on investments held for the credit of the Debt Service Reserve Fund shall, at the written direction of the Corporation, be withdrawn by the Trustee and be deposited in the Arbitrage Rebate Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Debt Retirement Fund or the Residual Fund in accordance with such direction, *provided, however*, that such amounts shall not be directly deposited to the Residual Fund unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes. If on June 30 of a Fiscal Year the value of the money, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, if any, such excess shall be withdrawn by the Trustee upon direction of the Corporation and deposited in the Arbitrage Rebate Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Debt Retirement Fund or the Residual Fund, in accordance with such direction; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Debt Service Fund; *provided, further*, that such amounts shall not be directly deposited to the Residual Fund unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes; and *provided, further*, that if such amount results from the substitution of a Reserve Fund Facility for money or investments in the Debt Service Reserve Fund, such amount shall not be so

applied unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes.

Notwithstanding the provisions of the Master Indenture, if, upon a Senior Lien Bond having been deemed to have been paid in accordance with the provisions of the Master Indenture described herein under the heading “**DEFEASANCE**,” the amount held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, if any, then the Trustee shall, in accordance with the written direction of an Authorized Officer of the Corporation, withdraw all or any portion of such excess from the Debt Service Reserve Fund and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Corporation or to fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for the payment of such Bond or (ii) pay such amount to, or upon the order of, the Corporation if, in the opinion of Transaction Counsel, such payment will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes; *provided, however*, that no such withdrawal shall be made if the amount remaining in the Debt Service Reserve Fund following such withdrawal would be less than the Debt Service Reserve Fund Requirement, if any.

(MASTER INDENTURE SECTION 5.08)

ARBITRAGE REBATE FUND

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the Corporation for deposit therein and, notwithstanding any other provisions of the Master Indenture, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Corporation, money on deposit in any other funds or accounts held by the Trustee under the Master Indenture at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Corporation shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Corporation determines to be in excess of the amount required to be so rebated shall be withdrawn and transferred to the Debt Service Reserve Fund in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any, and any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant to the Master Indenture.

If and to the extent required by the Code, the Corporation shall periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held under the Master Indenture and deposit to the Arbitrage Rebate Fund, such amount as the Corporation shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(MASTER INDENTURE SECTION 5.09)

SUBORDINATED INDEBTEDNESS FUND

Subject to the provisions for the application of Sales Tax Revenues under the Master Indenture and described herein under the headings “**APPLICATION OF SALES TAX REVENUES**,” the Corporation shall deposit in the Subordinated Indebtedness Fund all Sales Tax Revenues paid to the Corporation and all other money not otherwise required by the Master Indenture to be applied to a purpose other than those of the Subordinated Indebtedness Fund as may be required for payment of Subordinated Indebtedness. The Trustee shall pay out of the Subordinated Indebtedness Fund all amounts required for such payments in accordance with the Supplemental Indenture authorizing the issuance of such Subordinated Indebtedness. Money in the Subordinated Indebtedness Fund that on the last day of each Fiscal Year is in excess of the amount then required by the Master Indenture to be therein may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant to the Master Indenture; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

(MASTER INDENTURE SECTION 5.10)

DEBT RETIREMENT FUND

Money deposited in the Debt Retirement Fund during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of an Authorized Officer of the Corporation to the purchase or redemption of Outstanding Bonds or to pay or make provision for payment of Outstanding Bonds in accordance with the Master Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or make provision for payment of Outstanding Bonds in accordance with the Master Indenture if at such time the amount on deposit in the Debt Service Fund is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Debt Retirement Fund not required to pay the Redemption Price or purchase price of Bonds theretofore called for redemption or contracted to be purchased shall, at the direction of an Authorized Officer of the Corporation, be withdrawn from the Debt Retirement Fund and transferred to the Debt Service Fund or the Arbitrage Rebate Fund at any time money is required for the purposes of such funds.

(MASTER INDENTURE SECTION 5.11)

RESIDUAL FUND

Amounts deposited in the Residual Fund shall be free and clear of the lien of the Master Indenture and shall promptly be paid to the holder of the Residual Certificate.

(MASTER INDENTURE SECTION 5.12)

APPLICATION OF MONEYS IN CERTAIN FUNDS FOR RETIREMENT OF BONDS

Notwithstanding any other provisions of the Master Indenture, if at any time the amounts held in the Debt Service Fund, the Debt Service Reserve Fund and the Debt Retirement Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Senior Lien Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the provisions of the Master Indenture described in the second paragraph under the heading herein entitled “**DEFEASANCE**” for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Senior Lien Bonds by the Master Indenture and by

each Supplemental Indenture as provided in the Master Indenture, or (ii) give the Trustee irrevocable instructions in accordance with the provisions of the Master Indenture described in the second paragraph under the heading herein entitled “**DEFEASANCE**” and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Master Indenture.

(MASTER INDENTURE SECTION 5.13)

TRANSFER OF INVESTMENTS

Whenever money in any fund or account established under the Master Indenture is to be paid in accordance with the Master Indenture to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; *provided, however*, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(MASTER INDENTURE SECTION 5.14)

COMPUTATION OF ASSETS OF CERTAIN FUNDS

The Trustee shall compute the value of the assets in each fund and account established by the Master Indenture on the last day of each calendar month (or if such day is not a Business Day, on the immediately preceding Business Day). In addition, the Trustee shall compute the value of the assets of the Debt Service Reserve Fund immediately prior to any withdrawal from the Debt Service Reserve Fund and on the date on which money may be required to be deposited in the Debt Service Reserve Fund pursuant to the Master Indenture. The Trustee shall promptly notify the Corporation of the results of such computation and the amount by which the amount in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement, if any.

(MASTER INDENTURE SECTION 5.15)

INVESTMENT OF FUNDS AND ACCOUNTS HELD BY THE TRUSTEE

Subject to the limitations set forth in this paragraph, money held under the Master Indenture, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Eligible Investments in accordance with the direction of an Authorized Officer of the Corporation given in writing. Money in the Debt Service Fund shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) or (iv) of the definition of the term “**Eligible Investments**” set forth under “**Definitions of Certain Terms**” and such investments shall mature no later than the date on which such moneys are required to be used to pay principal or Sinking Fund Installments of and interest on Senior Lien Bonds when due. Money in the Capitalized Interest Account shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) and (iv) of the definition of the term “**Eligible Investments**” set forth under “**DEFINITIONS OF CERTAIN TERMS**” and such investments shall mature no later than the date on which such moneys are required to be used to pay interest on Bonds when due. No investment of money in the Debt Service Reserve Fund shall mature more than five years after the date such investment is purchased or made unless the Corporation shall direct the Trustee to put or tender such investment not later than one Business Day prior to each December 15 and June 15 prior to the investment’s stated maturity date for (x) purchase at a price not less than one hundred percent (100%) of the stated principal amount of such investment by the issuer or an entity whose senior unenhanced long-term debt obligations are rated by at least two Rating Services at least as high as the rating assigned by such Rating Services on the Corporation’s Outstanding unenhanced Bonds without regard to qualification of such rating by symbols

such as “+” or “-” or numerical notation or (y) redemption by the issuer at a price not less than one hundred percent (100%) of the stated principal amount thereof.

(MASTER INDENTURE SECTION 6.01)

PAYMENT OF PRINCIPAL AND INTEREST

The Corporation shall pay or cause to be paid every Senior Lien Bond, including interest thereon, on the dates and at the places and in the manner provided in the Senior Lien Bonds according to the true intent and meaning thereof.

(MASTER INDENTURE SECTION 7.01)

CORPORATE EXISTENCE

The Corporation shall maintain its existence as an Illinois not-for-profit corporation and shall not amend its articles of incorporation in any manner that would have the effect of expanding its corporate purposes or restricting the corporate action for which the affirmative vote of an independent director is required.

(MASTER INDENTURE SECTION 7.05)

ACCOUNTS AND AUDITS

The Corporation shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the City, the Trustee, each Provider or of any Holder of a Bond or a representative of any of the foregoing duly authorized in writing. The Corporation shall cause such books and accounts to be audited annually after the end of its fiscal year by an independent certified public accounting firm selected by the Corporation. Annually within thirty (30) days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee and to the City.

(MASTER INDENTURE SECTION 7.06)

CREATION OF LIENS

Except as permitted by the Master Indenture, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Bonds on the Trust Estate; *provided, however*, that nothing contained in the Master Indenture, shall prevent the Corporation from incurring Subordinated Indebtedness that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject and subordinate to the lien or charge thereon created by the Master Indenture.

(MASTER INDENTURE SECTION 7.07)

OFFICES FOR PAYMENT AND REGISTRATION OF SENIOR LIEN BONDS

The Corporation shall at all times maintain an office or agency in the State where Senior Lien Bonds may be presented for payment, which office or agency may be at or through the designated corporate trust office of the Trustee. The Corporation may, pursuant to a Supplemental Indenture, designate an

additional Paying Agent or Paying Agents where Senior Lien Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Senior Lien Bonds. The provisions of this section are subject to the provisions of the Master Indenture.

(MASTER INDENTURE SECTION 7.09)

AMENDMENTS, WAIVERS, ETC.

Except as otherwise provided in the Master Indenture, the Sale Agreement may not be amended, changed, modified or terminated, or any provision thereof waived, without the consent of the Holders of Outstanding Bonds as provided in the Master Indenture, if such amendment, change, modification, termination or waiver (i) reduces the amount payable to the Corporation thereunder or delays the date on which amounts are payable, (ii) waives or surrenders any right of the Corporation or (iii) modifies, diminishes, limits or conditions the rights of the Corporation thereunder, or the remedies which upon the occurrence of a default may be exercised by the Corporation thereunder.

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Senior Lien Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Senior Lien Bonds of the Series so affected and then Outstanding; *provided, however*, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section.

The Sale Agreement may be amended, changed or modified or any provision thereof waived in any other respect without the consent of the Holders of Outstanding Bonds if the same does not adversely affect the Holders of Bonds in any material respect, except that no amendment, change, modification or alteration thereof to cure any ambiguity or defect or inconsistent provision therein or to insert such provisions clarifying matters or questions arising thereunder as are necessary shall be made unless such amendment, change, modification or waiver is not contrary to or inconsistent with the provisions thereof as theretofore in effect and unless consented to by the Trustee.

No amendment, change, modification or termination of the Sale Agreement or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Transaction Counsel to the effect that the same is not inconsistent with the Master Indenture and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

For the purposes of this section, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to an amendment, change, modification, termination or waiver permitted by this section with the same effect as a consent given by the Holder of such Bonds.

For the purposes of this section, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration if the same adversely affects or diminishes the rights of the Holders of

the Senior Lien Bonds of such Series in any material respect. The Trustee shall be entitled conclusively to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee and the Corporation, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Senior Lien Bonds then Outstanding in any material respect.

(MASTER INDENTURE SECTION 7.10)

BUDGET OF CORPORATION EXPENSES

Annually, the Corporation shall present a budget of Corporation Expenses made or to be made for such Fiscal Year. The budget of the Corporation Expenses may be amended by the Corporation from time to time. Each such budget of the Corporation Expenses or amendment thereto shall be filed by the Corporation with the Trustee and the City and shall be accompanied by a certificate signed by an Authorized Officer of the Corporation stating that such budget has been prepared and is filed in accordance with the provisions of this section.

(MASTER INDENTURE SECTION 7.11)

PAYMENT OF LAWFUL CHARGES

The Corporation shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Trust Estate, when the same shall become due. Except as otherwise expressly permitted by the Master Indenture, the Corporation shall not create or suffer to be created any lien or charge upon the Trust Estate, except the pledge and lien created or permitted by the Master Indenture.

(MASTER INDENTURE SECTION 7.12)

ENFORCEMENT OF RIGHTS

The Corporation shall diligently commence and pursue any and all actions (i) to enforce its rights under the Sale Agreement and (ii) to enforce the City's obligations under the Sale Agreement. If the Corporation fails to enforce its rights and the City's obligations under the Sale Agreement, pursuant to the provisions of the Master Indenture described below under the heading "**ENFORCEMENT OF REMEDIES,**" the Trustee shall have the right to enforce such rights and obligations, including the City's non-impairment covenant pursuant to Section 6.01 of the Sale Agreement.

(MASTER INDENTURE SECTION 7.13)

TRANSFER OF RESIDUAL CERTIFICATE

The Corporation will include a restriction on the transfer of the Residual Certificate to the effect that the Residual Certificate may not be transferred by the holder thereof to another person unless the Corporation and the City have received an opinion of Transaction Counsel that such transfer will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income of the Holder thereof for purposes of federal income taxation.

(MASTER INDENTURE SECTION 7.14)

TAX COVENANT

The Corporation covenants that it shall not take any action, or fail to take any action, that would cause the Corporation to either lose its status as an “on behalf of” issuer of municipal obligations for federal income tax purposes or cause interest on the Tax Exempt Bonds to become includable in gross income for federal income tax purposes.

(MASTER INDENTURE SECTION 7.16)

AGREEMENT OF THE CITY

Pursuant to the Sale Agreement, the Corporation has included in the Master Indenture, for the benefit of the Bondholders, that the City shall take no action that would in any way materially adversely (A) impair the Corporation’s right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Bondholders, or (C) impair the rights and remedies of the Bondholders or the security for the Bonds until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Bondholders, are fully paid and discharged.

The Corporation acknowledges that the City’s pledge and agreement is an important security provision of the Master Indenture and the Senior Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the City, or by any other person, to the contrary.

(MASTER INDENTURE SECTION 7.17)

AGREEMENT OF THE STATE

In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in any State Entity by the Act with respect to the disposition of the Sales Tax Revenues so as to impair the terms of the Sale Agreement or the Master Indenture until all requirements with respect to the deposit by such State Entity of Sales Tax Revenues have been fully paid and discharged. In addition, in the Act the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the Sales Tax Revenues are derived, or the use of the Sales Tax Revenues, so as to impair the terms of the Sale Agreement or the Master Indenture.

The Corporation acknowledges that the State’s pledge and agreement is an important security provision of the Master Indenture and the Senior Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

(MASTER INDENTURE SECTION 7.18)

MODIFICATION AND AMENDMENT WITHOUT CONSENT

The Corporation may execute and deliver at any time or from time to time Supplemental Indentures: (a) to provide for the issuance of a Series of Senior Lien Bonds or Second Lien Bonds pursuant to the provisions of the Master Indenture and to prescribe the terms and conditions pursuant to which such Senior Lien Bonds or Second Lien Bonds may be issued, paid or redeemed; (b) to provide for the issuance of

Subordinated Indebtedness and to prescribe the terms and conditions pursuant to which such Subordinated Indebtedness may be issued, paid or redeemed, the creation of any additional funds and accounts required for the payment or security thereof, and the provision of any additional rights and remedies applicable thereto; *provided, however*, that in no event shall the provisions of such Supplemental Indenture provide for any additional rights or remedies that are inconsistent with the provisions of the Master Indenture relating to the first priority security interest granted to the Holders of Bonds and the rights and remedies applicable thereto for so long as any such Senior Lien Bonds or Second Lien Bonds remain Outstanding; (c) to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Secured Obligations, *provided* such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Master Indenture; (d) to prescribe further limitations and restrictions upon the issuance of Secured Obligations and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (e) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Master Indenture, *provided* that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Master Indenture; (f) to confirm, as further assurance, any pledge under the Master Indenture, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Master Indenture, of the Sales Tax Revenues, or any pledge of any other money, investments thereof or funds; (g) to modify any of the provisions of the Master Indenture or any previously adopted Supplemental Indenture to accommodate the issuance of Subordinated Indebtedness, *provided* that such modifications do not materially and adversely affect the rights of any of the Holders of Bonds; (h) to modify any of the provisions of the Master Indenture or of any previously adopted Supplemental Indenture in any other respects, *provided* that such modifications shall not be effective until after all Secured Obligations of any Series of Secured Obligations Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Secured Obligations issued under such Supplemental Indentures shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture; (i) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Master Indenture or to insert such provisions clarifying matters or questions arising thereunder as are necessary or desirable, *provided* that any such modifications are not contrary to or inconsistent with the Master Indenture as theretofore in effect, or to modify any of the provisions of the Master Indenture or of any previous Supplemental Indenture in any other respect, *provided* that such modification shall not adversely affect the interests of the Bondholders or holders of Subordinated Indebtedness in any material respect; or (j) to modify any of the provisions of the Master Indenture or of any previously adopted Supplemental Indenture in any other respects, *provided* that such modifications shall not be effective unless there has been delivered to the Trustee (i) a Rating Confirmation and (ii) an opinion of Transaction Counsel to the effect that the same is not inconsistent with the Master Indenture and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation.

(MASTER INDENTURE SECTION 9.01)

SUPPLEMENTAL INDENTURES EFFECTIVE WITH CONSENT OF BONDHOLDERS

The provisions of the Master Indenture may also be modified or amended at any time or from time to time by a Supplemental Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Master Indenture, such Supplemental Indenture to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

(MASTER INDENTURE SECTION 9.02)

GENERAL PROVISIONS RELATING TO SUPPLEMENTAL INDENTURES

The Master Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Master Indenture. Nothing contained in the general provisions relating to the Supplemental Indentures shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture, act or other instrument pursuant to the provisions of the Master Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Master Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture, when filed with the Trustee, shall be accompanied by an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Master Indenture, is authorized or permitted by the Master Indenture and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is authorized by the Master Indenture to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions of the Master Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Transaction Counsel that such Supplemental Indenture is authorized or permitted by the provisions thereof.

No Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

The Corporation, as soon as practicable after a Supplemental Indenture changing, amending or modifying any provisions of the Master Indenture has become effective, shall give written notice thereof to each Rating Service.

(MASTER INDENTURE SECTION 9.03)

POWERS OF AMENDMENT

Except as provided by the provisions of the Master Indenture described above under the heading “**MODIFICATION AND AMENDMENT WITHOUT CONSENT**,” any modification or amendment of the Master Indenture and of the rights and obligations of the Corporation and of the Holders of the Bonds under the Master Indenture, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the provisions of the Master Indenture described herein under the heading “**CONSENT OF BONDHOLDERS**,” (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the amount or date of any Sinking Fund Installment, the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment of the Master Indenture if the same adversely

affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Master Indenture and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Transaction Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment.

(MASTER INDENTURE SECTION 10.01)

CONSENT OF BONDHOLDERS

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Master Indenture described herein under the heading “**POWERS OF AMENDMENT**” to take effect when and as provided in this section. Upon the adoption of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer; shall be filed with the Trustee for the inspection of the Holders of Bonds. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved in writing by the Trustee) together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed or distributed by Electronic Means by the Corporation to each affected Holder of Bonds. Such Supplemental Indenture shall not become effective until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the provisions of the Master Indenture described herein under the heading “**POWERS OF AMENDMENT**” and (b) an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully executed, delivered and filed by the Corporation in accordance with the provisions of the Master Indenture, is authorized or permitted by the Master Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this section provided. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder of such Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders of the required percentages of Senior Lien Bonds or Second Lien Bonds shall have filed their consent to the Supplemental Indenture, notice, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentages of Senior Lien Bonds or Second Lien Bonds, as the case may be, and will be effective as provided in this section, may be given to the Bondholders by mailing such notice to Bondholders. The Corporation shall file with the Trustee proof of giving such notice. Such Supplemental Indenture shall be deemed conclusively binding upon the Corporation and the Holders of all Senior Lien Bonds or Second Lien Bonds at the expiration of sixty (60) days after the filing with the Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that the Corporation during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

(MASTER INDENTURE SECTION 10.02)

MODIFICATIONS BY UNANIMOUS CONSENT

The terms and provisions of the Master Indenture and the rights and obligations of the Corporation and of the Holders of the Bonds may be modified or amended in any respect upon the execution, delivery and filing with the Trustee by the Corporation of a copy of a Supplemental Indenture certified by an

Authorized Officer of the Corporation and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Master Indenture.

(MASTER INDENTURE SECTION 10.03)

EVENTS OF DEFAULT

An event of default under the Master Indenture and under each Supplemental Indenture (herein called “**event of default**”) shall include: (a) payment of the principal or Redemption Price of any Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or (b) payment of an installment of interest on any Bond shall not be made by the Corporation when the same shall become due and payable; or (c) the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained therein or in the Bonds or in any Supplemental Indenture on the part of the Corporation to be performed and such default shall continue for ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Outstanding Bonds, unless, if such default is capable of being cured but is not capable of being cured within ninety (90) days, the Corporation has commenced to cure such default within said ninety (90) days and diligently prosecutes the cure thereof; or (d) the Corporation shall (1) generally not be paying its debts as they become due, (2) commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (3) make a general assignment for the benefit of its creditors, (4) declare a moratorium or, (5) take any corporate action to authorize any of the foregoing; or (e) a trustee in bankruptcy, custodian or receiver for the Corporation or any substantial part of its property shall have been appointed and the same has not been discharged within ninety (90) days after such appointment.

(MASTER INDENTURE SECTION 11.01)

NO ACCELERATION WITH RESPECT TO THE SECURED OBLIGATIONS

There shall be no right of acceleration with respect to the Secured Obligations.

(MASTER INDENTURE SECTION 11.02)

ENFORCEMENT OF REMEDIES

Upon the happening and continuance of any event of default specified in the Master Indenture, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall proceed (subject to the provisions of the Master Indenture), to protect and enforce its rights and the rights of the Bondholders thereunder or under any Supplemental Indenture or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained thereunder or under any Supplemental Indenture or in aid or execution of any power therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it under

the Master Indenture, including but not limited to the Sale Agreement, and of its rights and obligations under the Act.

In the enforcement of any remedy under the Master Indenture and under each Supplemental Indenture the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Corporation for principal or interest or otherwise under any of the provisions of the Master Indenture or of any Supplemental Indenture or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Master Indenture and under any Supplemental Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Master Indenture, in any Supplemental Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

Anything in the Master Indenture to the contrary notwithstanding, neither the Trustee nor any Bondholder shall have any right in or to any proceeds derived from the issuance of Bonds held in the City Proceeds Account or otherwise paid to the City and no action or proceeding shall be maintained to enforce any claim to any such proceeds. Each Bondholder by purchase of its Bonds waives any right in or to any proceeds derived from the issuance of Bonds held in the City Proceeds Account or otherwise paid to the City or at the direction of the City pursuant to a Direction Letter and the right to maintain any action or proceeding to enforce any claim to any such proceeds.

(MASTER INDENTURE SECTION 11.03)

LIMITATION OF RIGHTS OF INDIVIDUAL BONDHOLDERS

No Holder of any of the Senior Lien Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Master Indenture, or for any other remedy under the Master Indenture unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall have made written request to 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 granted by the Master Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity 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.

(MASTER INDENTURE SECTION 11.07)

AGREEMENT TO SUBORDINATE

All Subordinated Indebtedness shall be subordinated, to the extent and in the manner provided in the Master Indenture, to the prior payment of the principal of and interest on the Senior Lien Bonds then due and payable. No Holder of Senior Lien Bonds shall be prejudiced in his right to enforce subordination of the Subordinated Indebtedness by any act or failure to act on the part of the Trustee. All rights and remedies of Subordinated Indebtedness holders not contained in the Master Indenture will be set forth in

the Supplemental Indenture authorizing such Subordinated Indebtedness and shall be subject to the provisions and limitations set forth in the Master Indenture.

(MASTER INDENTURE SECTION 11.12)

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APPENDIX C-2

**CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS
OF THE SECOND LIEN INDENTURE**

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APPENDIX C-2

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN INDENTURE

DEFINITIONS OF CERTAIN TERMS

The defined terms under “**DEFINITIONS OF CERTAIN TERMS**” in “**APPENDIX C-1**” and not otherwise defined herein are hereby incorporated herein as applicable. In addition, the following terms shall have the following meanings herein unless the context otherwise requires:

“**Additional Second Lien Bonds**” means any Second Lien Bonds issued subsequent to the issuance of the Second Lien Series 2023 Bonds.

“**Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds**” means, as of any particular date of computation, an amount equal to the greatest amount required in the then current or any future Fiscal Year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Secured Obligations payable during such Fiscal Year; *provided, however*, that for purposes of this definition: (i) the principal and interest portions of the Accreted Value of any Senior Lien Bond that is a Capital Appreciation Bond and the Appreciated Value of any Senior Lien Bond that is a Deferred Income Bond becoming due at maturity or by virtue of any Sinking Fund Installment shall be included in the calculations of interest and principal payable only during the calendar year in which such Senior Lien Bond that is a Capital Appreciation Bond or a Senior Lien Bond that is a Deferred Income Bond matures or in which such Sinking Fund Installment is due (as such terms are defined in the Master Indenture); (ii) the principal and interest portions of the Accreted Value of any Second Lien Bond that is a Capital Appreciation Bond and the Appreciated Value of any Second Lien Bond that is a Deferred Income Bond becoming due at maturity or by virtue of any Sinking Fund Installment shall be included in the calculations of interest and principal payable only during the calendar year in which such Second Lien Bond that is a Capital Appreciation Bond or a Second Lien Bond that is a Deferred Income Bond matures or in which such Sinking Fund Installment is due (as such terms are defined in the Second Lien Supplemental Indenture); and (iii) Capitalized Interest (as such term is defined in the Master Indenture) payable on any Outstanding Bonds or Capitalized Interest (as such term is defined in the Second Lien Supplemental Indenture) payable on any Second Lien Bonds during a Fiscal Year shall be excluded from such calculation.

“**Refunding Second Lien Bonds**” shall mean any Second Lien Bond authorized by the provisions of the Second Lien Supplemental Indenture described herein under the heading “**REFUNDING SECOND LIEN BONDS**.”

“**Reserve Fund Facility**” in connection with Second Lien Bond means a surety bond, insurance policy or letter of credit delivered in accordance with either the provisions of the Second Lien Supplemental Indenture described under the heading “**SECOND LIEN DEBT SERVICE RESERVE ACCOUNT**” to meet all or any part of the Second Lien Subordinate Debt Service Reserve Account Requirement, as provided in the Supplemental Indenture to the Second Lien Supplemental Indenture setting forth the applicable Second Lien Subordinate Debt Service Reserve Account Requirement, if any, or delivered in accordance with the provisions of the Master Indenture described under the heading “**DEBT SERVICE RESERVE FUND**.”

“**Second Lien Bondholder**,” “**Holder of Second Lien Bonds**” or “**Holder**” or any similar term, when used with reference to a Second Lien Bond or Second Lien Bonds, means the registered owner thereof.

“Second Lien Bonds” means all Subordinated Indebtedness issued under the Second Lien Supplemental Trust Indenture and any Supplemental Indenture thereto, secured by a lien of the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to the Holders of Outstanding Senior Lien Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund.

“Second Lien Capitalized Interest Account” means the account within the Second Lien Subordinate Debt Service Account so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien City Proceeds Account” means the account within the Second Lien Proceeds Fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Costs of Issuance Account” means the account within the Second Lien Proceeds Fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Proceeds Fund” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Series 2023 Bonds” means collectively, the Corporation’s Second Lien Sales Tax Securitization Bonds, Refunding Series 2023A and the Corporation’s Second Lien Sales Tax Securitization Bonds, Taxable Refunding Series 2023B, authorized to be issued by a Third Supplement to the Second Lien Supplemental Trust Indenture, dated as of February 1, 2023, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“Second Lien Subordinate Arbitrage Rebate Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Subordinate Debt Retirement Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Subordinate Debt Service Reserve Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL TRUST INDENTURE.”**

“Second Lien Subordinate Debt Service Reserve Deposit Requirement” means (i) for each required withdrawal from the Second Lien Subordinate Debt Service Reserve Account in accordance with the provisions of the Second Lien Supplemental Trust Indenture and described herein in the second paragraph under heading **“SECOND LIEN SUBORDINATE DEBT SERVICE ACCOUNT,”** the amount required

to cause the amount on deposit in the Second Lien Subordinate Debt Service Reserve Account to equal the Second Lien Subordinate Debt Service Reserve Account Requirement assuming twelve (12) equal monthly deposits and (ii) for any required deposits to the Second Lien Subordinate Debt Service Reserve Account in connection with the issuance of Additional Second Lien Bonds, the amounts required to be deposited therein by the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing the issuance of such Series of Second Lien Bonds.

“Second Lien Subordinate Debt Service Reserve Account Requirement” means, with respect to any Series of Second Lien Bonds, the amount of money, if any, required to be deposited in the Second Lien Subordinate Debt Service Reserve Account as provided in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Series of Second Lien Bonds.

“Second Lien Supplemental Indenture” means the Second Lien Supplemental Trust Indenture as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN SUPPLEMENTAL INDENTURE

The following is a summary of certain provisions of the Second Lien Supplemental Indenture. Such summary does not purport to be complete, and reference is made to the Second Lien Supplemental Indenture for full and complete statements of such and all provisions.

AUTHORIZATION OF THE SECOND LIEN BONDS

The Second Lien Series 2023 Bonds are Subordinated Indebtedness of the Corporation payable solely from Sales Tax Revenues deposited into the Subordinate Indebtedness Fund that is subject and subordinated to the lien and charge on the Trust Estate for securing Outstanding Second Lien Bonds. The Second Lien Bonds are special obligation of the Corporation payable solely from the Trust Estate from amounts deposited in the Subordinated Indebtedness Fund. The Second Lien Bonds shall not constitute an indebtedness or an obligation of the City, the State or any subdivision thereof within the purview of any constitutional or statutory limitation or provision or a charge against the general credit or taxing powers, if any, of any of them but shall be payable solely from the Sales Tax Revenues deposited with the Trustee.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 2.01)

ISSUANCE OF SECOND LIEN BONDS

The issuance of the Second Lien Series 2023 Bonds and each Series of Additional Second Lien Bonds shall be authorized by a Supplemental Indenture or Supplemental Indentures, executed by the Corporation and delivered to the Trustee. The Corporation shall, in addition to other requirements of the Second Lien Supplemental Indenture deliver to the Trustee: (a) a copy of the Master Indenture, the Second Lien Supplemental Indenture and the Supplemental Indenture authorizing such Second Lien Bonds, certified by an Authorized Officer of the Corporation; (b) a copy of the Sale Agreement, certified by an Authorized Officer of the Corporation; (c) copy of the direction of the City to the Director of the Department of Revenue, the State Comptroller and the State Treasurer to pay all Sales Tax Revenues to the Trustee on behalf of the Corporation, which direction shall be irrevocable for so long as any Secured Obligations remain Outstanding; (d) a certificate of an Authorized Officer of the City approving the issuance of the Second Lien Bonds, which certificate shall include a copy of the ordinance of the City Council of the City authorizing the issuance of such Second Lien Bonds and approving the amount and terms of such Second Lien Bonds and the purposes for which the proceeds of such Second Lien Bonds will be used; (e) if a

Reserve Fund Facility is to be provided in connection with the issuance of the Second Lien Bonds of such Series, such Reserve Fund Facility and the opinion of counsel to the Provider as required by the Second Lien Supplemental Indenture; (f) a written order as to the delivery of such Second Lien Bonds, signed by an Authorized Officer of the Corporation, describing the Second Lien Bonds to be delivered, designating the purchaser or purchasers to whom such Second Lien Bonds are to be delivered and stating the consideration for such Second Lien Bonds; (g) a certificate of an Authorized Officer of the Corporation stating the amount, if any, required to be in the Second Lien Subordinate Debt Service Reserve Account after issuance of the Second Lien Bonds then to be issued, and that after deposit in the Second Lien Subordinate Debt Service Reserve Account of the amount, if any, to be deposited therein in connection with the issuance of such Second Lien Bonds, the amount on deposit in such fund will not be less than the Second Lien Subordinate Debt Service Reserve Account Requirement; (h) a certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Second Lien Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained therein, or stating that after the issuance thereof the Corporation shall no longer be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Second Lien Supplemental Indenture; (i) a certificate of an Authorized Officer of the Corporation setting forth (1)(A) Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of Senior Lien Bonds for which provision for the payment thereof has been made in accordance with the provisions of the Master Indenture on or prior to the date of issuance of the Second Lien Bonds then to be issued, and Second Lien Bonds for which provision for the payment thereof has been made in accordance with the provisions of the Second Lien Supplemental Indenture on or prior to the date of issuance of the Second Lien Bonds then to be issued, including as a result of the issuance of the Second Lien Bonds then to be issued), and (B) the Operating Cap applicable for such Fiscal Year, and (2) Sales Tax Revenues for the most recently completed Fiscal Year; (j) a certificate of an Authorized Officer which demonstrates that the Sales Tax Revenues set forth in clause (i)(2) above are at least 175% of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds calculated as set forth in clause (i)(1)(A) above; and (k) an opinion of Transaction Counsel to the effect that the Master Indenture, the Second Lien Supplemental Indenture and the applicable Supplemental Indenture thereto authorizing the Series of Second Lien Bonds have each been duly and lawfully authorized, executed and delivered by the Corporation; that the Master Indenture, the Second Lien Supplemental Indenture and the applicable Supplemental Indenture thereto are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms; that the Master Indenture creates the valid pledge and the valid lien upon the Sales Tax Revenues which it purports to create, subject only to the provisions of the Second Lien Supplemental Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Master Indenture, the Second Lien Supplemental Indenture and each applicable Supplemental Indenture thereto; and that the Corporation is duly authorized and entitled to issue such Series of Second Lien Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Second Lien Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Corporation entitled to the benefits of the Second Lien Supplemental Indenture subject to the first lien priority of the Holders of the Senior Lien Bonds; *provided, however*, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 2.02)

REFUNDING SECOND LIEN BONDS

Subject to the provisions of the Second Lien Supplemental Indenture, Second Lien Bonds may be issued by the Corporation for the purpose of refunding any Outstanding Second Lien Bonds or Senior Lien Bonds Outstanding (“**Refunding Second Lien Bonds**”) without satisfying the provisions of clauses (i) and

(j) of the heading “**ISSUANCE OF SECOND LIEN BONDS**” above, provided that the Corporation delivers a certificate of an Authorized Officer of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien Bonds and Senior Lien Bonds Outstanding after giving effect to the issuance of the Refunding Second Lien Bonds will not be greater than the amount payable during such Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien Bonds and Senior Lien Bonds Outstanding immediately prior to the issuance of such Refunding Second Lien Bonds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 2.04)

AUTHORIZATION OF REDEMPTION

Second Lien Bonds subject to redemption prior to maturity pursuant to the Second Lien Supplemental Indenture or to a Supplemental Indenture thereto shall be redeemable, in accordance with the redemption provisions of the Second Lien Supplemental Indenture, at such times, at such Redemption Prices and upon such terms as may otherwise be specified therein or in the Supplemental Indenture thereto authorizing such Series.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 4.01)

REDEMPTION AT THE ELECTION OF THE CORPORATION

The Series, maturities and principal amounts thereof to be so redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Second Lien Supplemental Indenture or in the Supplemental Indenture authorizing such Series. The Corporation shall pay to the Trustee on or prior to the redemption date an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Second Lien Bonds to be so redeemed.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 4.02)

REDEMPTION OTHER THAN AT CORPORATION’S ELECTION

Whenever by the terms of the Second Lien Supplemental Indenture the Trustee is required to redeem Second Lien Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Second Lien Bonds of the Series and maturities to be redeemed in the manner provided in the Second Lien Supplemental Indenture, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 4.03)

SELECTION OF SECOND LIEN BONDS TO BE REDEEMED

Unless otherwise provided in the Supplemental Indenture thereto authorizing the issuance of Second Lien Bonds of a Series, in the event of redemption of less than all of the Outstanding Second Lien Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Second Lien Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Second Lien Bond equal to the lowest denomination in which the Second Lien Bonds of such Series

is authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Second Lien Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Second Lien Bonds to be redeemed. In making such selections the Trustee may draw the Second Lien Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Second Lien Bonds of a denomination of more than the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued, by the numbers assigned thereto) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Second Lien Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Second Lien Bonds and select part of any Second Lien Bond for redemption. The Second Lien Bonds to be redeemed shall be the Second Lien Bonds to which were assigned numbers so selected; *provided, however*, that only so much of the principal amount of each such Second Lien Bond of a denomination of more than the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 4.04)

NOTICE OF REDEMPTION

Whenever Second Lien Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Second Lien Bonds in the name of the Corporation in accordance with the redemption provisions of the Second Lien Supplemental Indenture. Such notice shall be given by mailing a copy of such notice not less than twenty (20) days (or, if the Second Lien Bonds are held by the Depository, in accordance with the rules of the Depository) nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Second Lien Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Corporation that it has mailed or caused to be mailed such notice to the Holders of the Second Lien Bonds to be redeemed in the manner provided in the Second Lien Supplemental Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Second Lien Supplemental Indenture. The failure of any Holder of a Second Lien Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Second Lien Bonds.

The Trustee shall, if any of the Second Lien Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than twenty (20) days prior to the redemption at the most recent address therefor, or to any successor thereof (or, if the Second Lien Bonds are held by the Depository, such notice shall be given in accordance with the procedures of the Depository). Such copy shall be sent by first class mail, but mailing such copy shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copy was mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Second Lien Bonds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 4.05)

ESTABLISHMENT OF FUNDS AND ACCOUNTS UNDER THE SECOND LIEN SUPPLEMENTAL INDENTURE

The following separate accounts within the Second Lien Proceeds Fund were established under the Second Lien Supplemental Indenture to be held in trust as provided therein:

Second Lien Costs of Issuance Account
Second Lien City Proceeds Account

The following separate accounts within the Subordinated Indebtedness Fund were established under the Second Lien Supplemental Indenture to be held in trust as provided therein:

Second Lien Subordinate Debt Service Account;
Second Lien Capitalized Interest Account;
Interest Account; and
Principal Account;
Second Lien Subordinate Debt Service Reserve Account;
Second Lien Subordinate Arbitrage Rebate Account; and
Second Lien Subordinated Debt Retirement Account

The Second Lien City Proceeds Account within the Second Lien Proceeds Fund was established and created by the Second Lien Supplemental Indenture to be held in trust for the benefit of the City.

For purposes of internal accounting, each such fund may contain one or more accounts or subaccounts, as the Corporation may deem proper. All money at any time deposited in any fund, account or subaccount created and pledged by the Second Lien Supplemental Indenture or by any Supplemental Indenture or required thereby to be created shall be held in trust for the benefit of the Holders of Second Lien Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.01)

APPLICATION OF MONEY IN THE SECOND LIEN PROCEEDS FUND

As soon as practicable after the delivery of each Series of Second Lien Bonds, there shall be deposited into each account within the Second Lien Proceeds Fund, the Second Lien Subordinate Debt Service Account in the Subordinated Indebtedness Fund and the Second Lien Subordinate Debt Service Reserve Account in the Subordinated Indebtedness Fund the amount required to be deposited therein pursuant to the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Series. The income or interest earned on investments held for the credit of the Second Lien Proceeds Fund shall be withdrawn by the Trustee, as received, and deposited in the Interest Account of the Second Lien Subordinate Debt Service Account unless otherwise expressly directed by an Authorized Officer of the Corporation.

Money in the Second Lien City Proceeds Account of the Second Lien Proceeds Fund shall be paid to or upon the direction of the City in accordance with a Direction Letter. Except as otherwise provided in the provisions of the Second Lien Supplemental Indenture, and in any applicable Supplemental Indenture thereto, money in the Second Lien Costs of Issuance Account of the Second Lien Proceeds Fund deposited pursuant to the provisions of the Second Lien Supplemental Indenture shall be used only to pay the Costs of Issuance of the Second Lien Bonds. Such payments shall be made by the Trustee upon the written direction of an Authorized Officer of the Corporation.

The money remaining in the Second Lien Proceeds Fund after paying or making provision in accordance with the direction of an Authorized Officer of the Corporation for the payments required to be

made pursuant to the previous paragraph of this section, including any Costs of Issuance then unpaid, shall be applied as follows and in the following order of priority:

- FIRST: To the Second Lien Subordinate Arbitrage Rebate Account, the amount determined by the Corporation to be required to be deposited therein;
- SECOND: To the Second Lien Subordinate Debt Service Reserve Account, such amount as shall be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, if any; and
- THIRD: Any balance remaining, upon the written direction of the City.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.03)

SECOND LIEN SUBORDINATE DEBT SERVICE ACCOUNT

The Trustee shall pay out of the Second Lien Subordinate Debt Service Account the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien Bonds as the same is due and payable. Amounts paid to a Paying Agent for payments pursuant to this section shall be irrevocably pledged to and applied to such payments.

In the event that on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Second Lien Bonds is due the amount in the Second Lien Subordinate Debt Service Account is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Second Lien Bonds due on said date, the Trustee shall withdraw first, from the Second Lien Subordinate Debt Retirement Account, and then from the Second Lien Subordinate Debt Service Reserve Account, and deposit to the Second Lien Subordinate Debt Service Account, such amount as will increase the amount therein to an amount sufficient to make such payments; *provided, however*, no amount shall be withdrawn from the Second Lien Subordinate Debt Retirement Account if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Second Lien Bonds theretofore called for redemption or contracted to be purchased.

Notwithstanding the provisions of this section, the Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Second Lien Subordinate Debt Service Account, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased or otherwise purchased and delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Corporation. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date.

Money in the Second Lien Subordinate Debt Service Account on the last day of each Fiscal Year in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Second Lien Bonds on the next succeeding Principal Payment Date, including the income or interest earned on investment of money in the Second Lien Subordinate Debt Service Account, shall be withdrawn and transferred first, if required under the Second Lien Supplemental Indenture, to the Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, and second, any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant thereto; *provided, however*, that if no direction has been given

by an Authorized Officer of the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.05)

SECOND LIEN SUBORDINATE DEBT SERVICE RESERVE ACCOUNT

The Trustee shall deposit to the credit of the Second Lien Subordinate Debt Service Reserve Account such proceeds of the sale of Second Lien Bonds, if any, as shall be prescribed in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing the issuance of such Series of Second Lien Bonds. If at any time the amount in the Second Lien Subordinate Debt Service Reserve Account is not at least equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, the Corporation shall have no obligation to maintain or restore the Second Lien Subordinate Debt Service Reserve Account to the Second Lien Subordinate Debt Service Reserve Account Requirement other than as expressly provided in the Second Lien Supplemental Indenture.

In lieu of or in substitution for money or another Reserve Fund Facility, the Corporation may deliver or cause to be delivered to the Trustee a Reserve Fund Facility for the benefit of the Holders of the Second Lien Bonds for all or any part of the Second Lien Subordinate Debt Service Reserve Account Requirement, if any; *provided, however*, as a condition to delivery thereof (other than upon initial issuance of the Second Lien Bonds authorized and issued pursuant to the Second Lien Supplemental Indenture) the Trustee shall also receive (i) an opinion of counsel to the Provider acceptable to the Trustee to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Trustee and to each Provider and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute voidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Corporation.

Each such Reserve Fund Facility shall be payable (upon the giving of such notice as may be required thereby) on any date on which money is required to be withdrawn from the Second Lien Subordinate Debt Service Reserve Account and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of the Second Lien Supplemental Indenture and the provisions of the Master Indenture requiring that the Trustee compute the value of the assets in each fund and account established under the Master Indenture, in computing any amount on deposit in the Second Lien Subordinate Debt Service Reserve Account, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

Any money held for the credit of the Second Lien Subordinate Debt Service Reserve Account shall be withdrawn by the Trustee and deposited to the credit of the Second Lien Subordinate Debt Service Account at the times and in the amounts required to comply with the second paragraph of Second Lien Subordinate Debt Service Account under the Second Lien Supplemental Indenture described above herein; *provided, however*, that no payment under a Reserve Fund Facility shall be sought unless and until money is not available in the Second Lien Subordinate Debt Service Reserve Account and the amount required to be withdrawn from the Second Lien Subordinate Debt Service Reserve Account pursuant to this paragraph cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; *provided, further*, that, if more than one Reserve Fund Facility is held for the credit of the Second Lien Subordinate Debt Service Reserve Account at the time money is to be withdrawn therefrom, the Trustee shall obtain

payment under each such Reserve Fund Facility, *pro rata*, based upon the respective amounts then available to be paid thereunder.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of money on the date for which such money is required.

The income or interest earned on investments held for the credit of the Second Lien Subordinate Debt Service Reserve Account shall, at the written direction of the Corporation, be withdrawn by the Trustee and be deposited in the Second Lien Subordinate Arbitrage Rebate Account, the Second Lien Subordinate Debt Service Account, the Second Lien Subordinate Debt Retirement Account or the Residual Fund in accordance with such direction, *provided, however*, that such amounts shall not be directly deposited to the Residual Fund unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes. If on June 30 of a Fiscal Year the value of the money, investments and Reserve Fund Facilities held for the credit of the Second Lien Subordinate Debt Service Reserve Account exceeds the Second Lien Subordinate Debt Service Reserve Account Requirement, if any, such excess shall be withdrawn by the trustee upon direction of the Corporation and deposited in the Second Lien Subordinate Arbitrage Rebate Account, the Second Lien Subordinate Debt Service Account, the Second Lien Subordinate Debt Retirement Account or the Residual Fund, in accordance with such direction; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Second Lien Subordinate Debt Service Account; *provided, further*, that such amounts shall not be directly deposited to the Residual Fund unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes; and *provided, further*, that if such amount results from the substitution of a Reserve Fund Facility for money or investments in the Second Lien Subordinate Debt Service Reserve Account, such amount shall not be so applied unless in the opinion of Transaction Counsel such application will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes.

Notwithstanding the provisions of the Second Lien Supplemental Indenture, if, upon a Second Lien Bond having been deemed to have been paid in accordance with the Second Lien Bond defeasance provisions of the Second Lien Supplemental Indenture and described herein under the heading “**DEFEASANCE**,” the amount held for the credit of the Second Lien Subordinate Debt Service Reserve Account will exceed the Second Lien Subordinate Debt Service Reserve Account Requirement, if any, then the Trustee shall, in accordance with the written direction of an Authorized Officer of the Corporation, withdraw all or any portion of such excess from the Second Lien Subordinate Debt Service Reserve Account and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Second Lien Bond in accordance with the irrevocable instructions of the Corporation or to fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for the payment of such Second Lien Bond or (ii) pay such amount to, or upon the order of, the Corporation if, in the opinion of Transaction Counsel, such payment will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes; *provided, however*, that no such withdrawal shall be made if the amount remaining in the Second Lien Subordinate Debt Service Reserve Account following such withdrawal would be less than the Second Lien Subordinate Debt Service Reserve Account Requirement, if any.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.06)

SECOND LIEN SUBORDINATE ARBITRAGE REBATE ACCOUNT

The Trustee shall deposit to the Second Lien Subordinate Arbitrage Rebate Account any money delivered to it by the Corporation for deposit therein and, notwithstanding any provisions under the Second Lien Supplemental Indenture, shall transfer to the Second Lien Subordinate Arbitrage Rebate Account, in accordance with the directions of an Authorized Officer of the Corporation, money on deposit in any other funds or accounts held by the Trustee under the Second Lien Supplemental Indenture at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Second Lien Subordinate Arbitrage Rebate Account shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Corporation shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Corporation determines to be in excess of the amount required to be so rebated shall be withdrawn and transferred to the Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, if any, and any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant thereto.

If and to the extent required by the Code, the Corporation shall periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held under the Second Lien Supplemental Indenture and deposit to the Second Lien Subordinate Arbitrage Rebate Account, such amount as the Corporation shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (ii) pay out of the Second Lien Subordinate Arbitrage Rebate Account to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.07)

SECOND LIEN SUBORDINATE DEBT RETIREMENT ACCOUNT

Money deposited in the Second Lien Subordinate Debt Retirement Account during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of an Authorized Officer of the Corporation to the purchase or redemption of Outstanding Second Lien Bonds or to pay or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Bond defeasance provisions of the Second Lien Supplemental Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Bonds defeasance provisions of the Second Lien Subordinate Indenture if at such time the amount on deposit in the Second Lien Subordinate Debt Service Account is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Second Lien Subordinate Debt Retirement Account not required to pay the Redemption Price or purchase price of Second Lien Bonds theretofore called for redemption or contracted to be purchased shall, at the direction of an Authorized Officer of the Corporation, be withdrawn from the Second Lien Subordinate Debt Retirement Account and transferred to the Second Lien Subordinate Debt Service Account or the Second Lien Subordinate Arbitrage Rebate Account at any time money is required for the purposes of such funds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.08)

APPLICATION OF MONEY IN CERTAIN FUNDS FOR RETIREMENT OF SECOND LIEN BONDS

Notwithstanding any other provisions of the Second Lien Supplemental Indenture, if at any time the amounts held in the Second Lien Subordinate Debt Service Account, the Second Lien Subordinate Debt Service Reserve Account and the Second Lien Subordinate Debt Retirement Account are sufficient to pay the principal or Redemption Price of all Outstanding Second Lien Bonds and the interest accrued and unpaid and to accrue on such Second Lien Bonds to the next date of redemption when all such Second Lien Bonds are redeemable, or to make provision pursuant to the Second Lien Supplemental Indenture for the payment of the Outstanding Second Lien Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem all such Outstanding Second Lien Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Second Lien Bonds in the manner provided for redemption of such Second Lien Bonds thereby and by each Supplemental Indenture thereto as provided in the redemption provisions under the Second Lien Supplemental Indenture, or (ii) give the Trustee irrevocable instructions in accordance with the Second Lien Supplemental Indenture and make provision for the payment of the Outstanding Second Lien Bonds at the maturity or redemption dates thereof in accordance therewith.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 5.09)

INVESTMENT OF FUNDS AND ACCOUNTS HELD BY THE TRUSTEE

Subject to the limitations set forth in this paragraph, money held under the Second Lien Supplemental Indenture, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Eligible Investments in accordance with the direction of an Authorized Officer of the Corporation given in writing. Money in the Second Lien Subordinate Debt Service Account shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) or (iv) of the definition of the term “**Eligible Investments**” as defined herein and set forth in the Master Indenture and such investments shall mature no later than the date on which such moneys are required to be used to pay principal or Sinking Fund Installments of and interest on Second Lien Bonds when due. Money in the Second Lien Capitalized Interest Account of the Second Lien Subordinate Debt Service Account shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) and (iv) of the definition of the term “**Eligible Investments**” as defined herein and set forth in the Master Indenture and such investments shall mature no later than the date on which such moneys are required to be used to pay interest on Second Lien Bonds when due. No investment of money in the Second Lien Subordinate Debt Service Reserve Account shall mature more than five years after the date such investment is purchased or made unless the Corporation shall direct the Trustee to put or tender such investment not later than one Business Day prior to each December 15 and June 15 prior to the investment’s stated maturity date for (x) purchase at a price not less than one hundred percent (100%) of the stated principal amount of such investment by the issuer or an entity whose senior unenhanced long-term debt obligations are rated by at least one of the Rating Services at least as high as the rating assigned by such Rating Services on the Corporation’s Outstanding unenhanced Second Lien Bonds without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation or (y) redemption by the issuer at a price not less than one hundred percent (100%) of the stated principal amount thereof.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 6.01)

PAYMENT OF PRINCIPAL AND INTEREST

The Corporation shall pay or cause to be paid all Second Lien Bonds, including interest thereon, on the dates and at the places and in the manner provided in the Second Lien Bonds according to the true intent and meaning thereof.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.01)

POWERS AS TO SECOND LIEN BONDS AND PLEDGE

The Corporation is duly authorized to create and issue the Second Lien Bonds, to execute the Master Indenture and each Supplemental Indenture thereto, including the Second Lien Supplemental Indenture and any Supplemental Indenture thereto, and to pledge and assign the Trust Estate in the manner and to the extent provided therein. The Corporation further covenants that the Trust Estate is and shall 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 the Second Lien Supplemental Indenture. The Corporation further covenants that all corporate action on the part of the Corporation to that end has been duly and validly taken. The Corporation further covenants that the Second Lien Bonds and the provisions of the Second Lien Supplemental Indenture and of the Master Indenture and each Supplemental Indenture thereto are and shall be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Second Lien Supplemental Indenture and of each Supplemental Indenture thereto. The Corporation further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all of the rights of the Holders of Second Lien Bonds under the Master Indenture, the Second Lien Supplemental Indenture and each Supplemental Indenture thereto against all claims and demands of all persons whomsoever.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.03)

CORPORATE EXISTENCE

The Corporation shall maintain its existence as an Illinois not-for-profit corporation and shall not amend its articles of incorporation in any manner that would have the effect of expanding its corporate purposes or restricting the corporate action for which the affirmative vote of an independent director is required.

The Corporation shall not engage in any dissolution, liquidation, consolidation, merger or asset sale (other than the transactions contemplated in the Second Lien Supplemental Indenture), without prior written notice to the Rating Services.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.05)

ACCOUNTS AND AUDITS

The Corporation shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Senior Lien Bonds and Second Lien Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the City, the Trustee, each Provider or of any Holder of a Second Lien Bond or a representative of any of the foregoing duly authorized in writing. The Corporation shall cause such books and accounts to be audited annually after the end of its fiscal year by an independent certified public accounting firm selected by the Corporation. Annually within thirty (30)

days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee, to each Provider and to the City.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.06)

CREATION OF LIENS

Except as permitted in the Second Lien Supplemental Indenture and in the Master Indenture, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Second Lien Bonds on the Trust Estate; *provided, however*, that nothing contained in the Second Lien Supplemental Indenture shall prevent the Corporation from incurring Subordinated Indebtedness that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject and subordinate to the lien or charge thereon created the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.07)

OFFICES FOR PAYMENT AND REGISTRATION OF SECOND LIEN BONDS

The Corporation shall at all times maintain an office or agency in the State where Second Lien Bonds may be presented for payment, which office or agency may be at or through the designated corporate trust office of the Trustee. The Corporation may, pursuant to a Supplemental Indenture to the Second Lien Supplemental Indenture, designate an additional Paying Agent or Paying Agents where Second Lien Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the State where Second Lien Bonds may be presented for registration, transfer or exchange and the Trustee is thereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Second Lien Bonds. The provisions of this section shall be subject to the provisions of the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.09)

AMENDMENTS, WAIVERS, ETC.

Except as otherwise provided in the Second Lien Supplemental Indenture, the Sale Agreement may not be amended, changed, modified or terminated, or any provision thereof waived, without the consent of the Holders of Outstanding Second Lien Bonds as provided in the Second Lien Supplemental Indenture, if such amendment, change, modification, termination or waiver (i) reduces the amount payable to the Corporation thereunder or delays the date on which amounts are payable, (ii) waives or surrenders any right of the Corporation or (iii) modifies, diminishes, limits or conditions the rights of the Corporation thereunder, or the remedies which upon the occurrence of a default may be exercised by the Corporation thereunder.

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Second Lien Bonds then Outstanding, or (b) in case less than all of the several Series of Second Lien Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Second Lien Bonds of the Series so affected and then Outstanding; *provided, however*, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any Second Lien Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Second Lien Bonds shall not be required and such Second Lien Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Bonds under the Second Lien Supplemental Indenture.

The Sale Agreement may be amended, changed or modified or any provision thereof waived in any other respect without the consent of the Holders of Outstanding Second Lien Bonds if the same does not adversely affect the Holders of Second Lien Bonds in any material respect, except that no amendment, change, modification or alteration thereof to cure any ambiguity or defect or inconsistent provision therein or to insert such provisions clarifying matters or questions arising thereunder as are necessary shall be made unless such amendment, change, modification or waiver is not contrary to or inconsistent with the provisions thereof as theretofore in effect and unless consented to by the Trustee.

No amendment, change, modification or termination of the Sale Agreement or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Transaction Counsel to the effect that the same is not inconsistent with the Second Lien Supplemental Indenture and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

The purchasers of the Second Lien Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to an amendment, change, modification, termination or waiver permitted by this section with the same effect as a consent given by the Holder of such Second Lien Bonds.

A Series shall be deemed to be adversely affected by an amendment, change, modification or alteration if the same adversely affects or diminishes the rights of the Holders of the Second Lien Bonds of such Series in any material respect. The Trustee shall be entitled conclusively to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee and the Corporation, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Second Lien Bonds then Outstanding in any material respect.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.10)

BUDGET OF CORPORATION EXPENSES

Annually, the Corporation shall present a budget of Corporation Expenses made or to be made for such Fiscal Year. The budget of the Corporation Expenses may be amended by the Corporation from time to time. Each such budget of the Corporation Expenses or amendment thereto shall be filed by the Corporation with the Trustee and the City and shall be accompanied by a certificate signed by an Authorized Officer of the Corporation stating that such budget has been prepared and is filed in accordance with the provisions of the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.11)

PAYMENT OF LAWFUL CHARGES

The Corporation shall pay all taxes and assessments **or** other municipal or governmental charges, if any, lawfully levied or assessed upon the Trust Estate, when the same shall become due. Except as otherwise expressly permitted by the Second Lien Supplemental Indenture, the Corporation shall not create or suffer to be created any lien or charge upon the Trust Estate, except the pledge and lien created or permitted the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.12)

ENFORCEMENT OF RIGHTS

The Corporation shall diligently commence and pursue any and all actions (i) to enforce its rights under the Sale Agreement and (ii) to enforce the City's obligations under the Sale Agreement. If the Corporation fails to enforce its rights and the City's obligations under the Sale Agreement, pursuant the provisions for enforcement of remedies in the Second Lien Supplemental Indenture, the Trustee shall have the right to enforce such rights and obligations, including the City's non-impairment covenant pursuant to Section 6.01 of the Sale Agreement.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.13)

TRANSFER OF RESIDUAL CERTIFICATE

The Corporation shall include a restriction on the transfer of the Residual Certificate to the effect that the Residual Certificate may not be transferred by the holder thereof to another person unless the Corporation and the City have received an opinion of Transaction Counsel that such transfer will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income of the Holder thereof for purposes of federal income taxation.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.14)

TAX COVENANT

The Corporation covenants that it shall not take any action, or fail to take any action, that would cause the Corporation to either lose its status as an "on behalf of" issuer of municipal obligations for federal income tax purposes or cause interest on any Tax Exempt Bond to become includable in gross income for federal income tax purposes.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.16)

AGREEMENT OF THE CITY

Pursuant to the Sale Agreement, the Corporation has included in the Second Lien Supplemental Indenture, for the benefit of the Holders of the Second Lien Bonds, that the City shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Holders of the Second Lien Bonds, or (C) impair the rights and remedies of the Holders of the Second Lien Bonds or the security for the Second Lien Bonds until the Second Lien Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Holders of the Second Lien Bonds, are fully paid and discharged.

The Corporation acknowledges that the City's pledge and agreement is an important security provision of the Second Lien Indenture and the Second Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation thereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the City, or by any other person, to the contrary.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.17)

AGREEMENT OF THE STATE

In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in any State Entity by the Act with respect to the disposition of the Sales Tax Revenues so as to impair the terms of the Sale Agreement or the Second Lien Supplemental Indenture until all requirements with respect to the deposit by such State Entity of Sales Tax Revenues have been fully paid and discharged. In addition, in the Act the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the Sales Tax Revenues are derived, or the use of the Sales Tax Revenues, so as to impair the terms of the Sale Agreement or the Second Lien Supplemental Indenture.

The Corporation thereby acknowledges that the State's pledge and agreement is an important security provision of the Second Lien Indenture and the Second Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation thereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.18)

ADDITIONAL SENIOR LIEN BONDS COVENANT

The Corporation covenants that, for so long as any Second Lien Bonds are Outstanding under the Second Lien Supplemental Indenture, in order to issue Senior Lien Bonds pursuant to the provision of the Master Indenture which authorizes the issuance of the Senior Lien Bonds, it shall deliver to the Trustee, in addition to the certificate setting forth the Maximum Annual Debt Service after giving effect to the issuance of the Senior Lien Bonds of such Series, and a certificate demonstrating that the Sales Tax Revenues are at least 400% of Maximum Annual Debt Service as required by the provisions of the Master Indenture, a certificate stating that the Sales Tax Revenues for the most recently completed Fiscal Year were at least 175% of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of (i) Senior Lien Bonds for which provision for the payment thereof has been made in accordance with the Senior Lien Bond defeasance provisions of the Master Indenture on or prior to the date of issuance of such Senior Lien Bonds then to be issued, including as a result of the issuance of such Senior Lien Bonds then to be issued, and (ii) Second Lien Bonds for which provision for the payment thereof has been made in accordance with Senior Lien Bond defeasance provisions under the Second Lien Supplemental Indenture described herein under the heading "DEFESANCE" on or prior to the date of issuance of such Senior Lien Bonds then to be issued.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 7.19)

MODIFICATION AND AMENDMENT WITHOUT CONSENT

The Corporation may execute and deliver at any time or from time to time Supplemental Indentures to the Second Lien Supplemental Indenture for any one or more of the following purposes, and any such Supplemental Indentures thereto shall become effective in accordance with its terms: (a) to provide for the issuance of a Series of Second Lien Bonds pursuant to the provisions of the Second Lien Supplemental Indenture and to prescribe the terms and conditions pursuant to which such Second Lien Bonds may be issued, paid or redeemed; (b) to provide for the issuance of Subordinated Indebtedness secured by a lien subject to that of the Senior Lien Bonds and the Second Lien Bonds, and to prescribe the terms and conditions pursuant to which such Subordinated Indebtedness may be issued, paid or redeemed, the creation of any additional funds and accounts required for the payment or security thereof, and the provision of any additional rights and remedies applicable thereto; provided, however, that in no event shall the provisions

of such Supplemental Indenture thereto provide for any additional rights or remedies that are inconsistent with the provisions of the Second Lien Supplemental Indenture relating to the first priority security interest granted to the Holders of Senior Lien Bonds and the second lien security interest granted to the Holders of Second Lien Bonds and the rights and remedies applicable thereto for so long as any such Senior Lien Bonds or Second Lien Bonds remain Outstanding; (c) to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Second Lien Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Second Lien Supplemental Indenture or in the Master Indenture; (d) to prescribe further limitations and restrictions upon the issuance of Second Lien Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (e) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms thereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Second Lien Supplemental Indenture or in the Master Indenture; (f) to confirm, as further assurance, any pledge under the Second Lien Supplemental Indenture, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Second Lien Supplemental Indenture, of the Sales Tax Revenues, or any pledge of any other money, investments thereof or funds so long as it does not conflict with the Master Indenture; (g) to modify any of the provisions of the Second Lien Supplemental Indenture or any previously adopted Supplemental Indenture thereto to accommodate the issuance of Subordinated Indebtedness provided that such modifications do not materially and adversely affect the rights of any of the Senior Lien Bondholders or the Holders of Second Lien Bonds; (h) to modify any of the provisions of the Second Lien Supplemental Indenture or of any previously adopted Supplemental Indenture thereto in any other respects, provided that such modifications shall not be effective until after all Second Lien Bonds of any Series of Second Lien Bonds Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Second Lien Bonds issued under such Supplemental Indenture to the Second Lien Supplemental Indenture shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture thereto; (i) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Second Lien Supplemental Indenture or to insert such provisions clarifying matters or questions arising thereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent therewith as theretofore in effect, or to modify any of the provisions of the Second Lien Supplemental Indenture or of any previous Supplemental Indenture thereto in any other respect, provided that such modification shall not adversely affect the interests of the Senior Lien Bondholders or Holders of Second Lien Bonds in any material respect; or (j) to modify any of the provisions of the Second Lien Supplemental Indenture or of any previously adopted Supplemental Indenture thereto in any other respects, provided that such modifications shall not be effective unless there has been delivered to the Trustee (i) a Rating Confirmation (as defined in the Master Indenture) with respect to the Senior Lien Bonds and a Rating Confirmation (as defined in the Second Lien Supplemental Indenture) with respect to the Second Lien Bonds, and (ii) an opinion of Transaction Counsel to the effect that the same is not inconsistent therewith and will not adversely affect the exclusion of interest on any Tax Exempt Bond issued under the Second Lien Supplemental Indenture or under the Master Indenture from gross income for purposes of federal income taxation.

In no event shall the provisions of any Supplemental Indenture supplementing the Second Lien Supplemental Indenture provide for any additional rights or remedies that are inconsistent with the provisions of the Master Indenture relating to the first priority security interest granted to the Holders of the Senior Lien Bonds and the rights and remedies applicable thereto for so long as any such Senior Lien Bonds remain Outstanding.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 9.01)

SUPPLEMENTAL INDENTURES EFFECTIVE WITH CONSENT OF HOLDERS OF SECOND LIEN BONDS

The provisions of the Second Lien Supplemental Indenture may also be modified or amended at any time or from time to time by a Supplemental Indenture thereto, subject to the consent of the Holders of Second Lien Bonds in accordance with and subject to the provisions of Article X of the Second Lien Supplemental Indenture as described herein under the headings “**POWERS OF AMENDMENT**,” “**CONSENT OF HOLDERS OF SECOND LIEN BONDS**” and “**MODIFICATIONS BY UNANIMOUS CONSENT**,” such Supplemental Indenture to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 9.02)

GENERAL PROVISIONS RELATING TO SUPPLEMENTAL INDENTURES TO THE SECOND LIEN SUPPLEMENTAL INDENTURE

The Second Lien Supplemental Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of Article IX of the Second Lien Supplemental Indenture as described herein under the headings “**MODIFICATION AND AMENDMENT WITHOUT CONSENT**” and “**SUPPLEMENTAL INDENTURES EFFECTIVE WITH CONSENT OF HOLDERS OF SECOND LIEN BONDS**” and Article X of the Second Lien Supplemental Indenture as described herein under the headings “**POWERS OF AMENDMENT**,” “**CONSENT OF HOLDERS OF SECOND LIEN BONDS**” and “**MODIFICATIONS BY UNANIMOUS CONSENT**.” Nothing contained in Article IX or Article X of the Second Lien Supplemental Indenture shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture thereto, act or other instrument pursuant to the provisions of the Second Lien Supplemental Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere therein provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture, when filed with the Trustee, shall be accompanied by an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Second Lien Supplemental Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is authorized under the Second Lien Supplemental Indenture to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions the Second Lien Supplemental Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Transaction Counsel that such Supplemental Indenture is authorized or permitted by the provisions of the Second Lien Supplemental Indenture.

No Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

The Corporation, as soon as practicable after a Supplemental Indenture changing, amending or modifying any provisions of the Second Lien Supplemental Indenture has become effective, shall give written notice thereof to each Rating Service.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 9.03)

POWERS OF AMENDMENT

Except as provided in the provisions of the Second Lien Supplemental Indenture as described below under the heading “**MODIFICATIONS BY UNANIMOUS CONSENT**,” any modification or amendment of the Second Lien Supplemental Indenture and of the rights and obligations of the Corporation and of the Holders of the Second Lien Bonds under the Second Lien Supplemental Indenture, in any particular, may be made by a Supplemental Indenture thereto, with the written consent given as provided in the provisions of the Second Lien Supplemental Indenture described under the heading “**CONSENT OF HOLDERS OF SECOND LIEN BONDS**,” (i) of the Holders of at least a majority in principal amount of the Second Lien Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Second Lien Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Second Lien Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Second Lien Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Second Lien Bonds shall not be required and such Second Lien Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Bonds under the Second Lien Supplemental Indenture. No such modification or amendment shall permit a change in the amount or date of any Sinking Fund Installment, the terms of redemption or maturity of the principal of any Outstanding Second Lien Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Second Lien Bond, or shall reduce the percentages or otherwise affect the classes of Second Lien Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment thereof if the same adversely affects or diminishes the rights of the Holders of Second Lien Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the provisions of the Second Lien Supplemental Indenture, the Second Lien Bonds of any particular Series or maturity would be affected by any modification or amendment thereof and any such determination shall be binding and conclusive on the Corporation and all Holders of Second Lien Bonds. The Trustee may receive an opinion of counsel, including an opinion of Transaction Counsel, as conclusive evidence as to whether the Second Lien Bonds of any particular Series or maturity would be so affected by any such modification or amendment thereof.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 10.01)

CONSENT OF HOLDERS OF SECOND LIEN BONDS

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Second Lien Supplemental Indenture described under the heading “**POWERS OF AMENDMENT**” to take effect when and as described in this section. Upon the adoption of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer; shall be filed with the Trustee for the inspection of the Holders of Second Lien Bonds. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved in writing by the Trustee) together with a request to Holders of Second Lien Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed or distributed by Electronic Means by the Corporation to each affected Holder of Second Lien Bonds. Such Supplemental Indenture shall not become effective until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Second Lien Bonds specified in the provisions of the Second Lien Supplemental Indenture described under the heading herein “**POWERS OF AMENDMENT**” and (b) an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully executed, delivered and filed by the Corporation in accordance with the provisions of the Second Lien Supplemental Indenture, is authorized or permitted thereby, and is valid and binding upon the Corporation and enforceable in accordance with its

terms, and (ii) a notice shall have been mailed as is hereinafter in this section provided. Any such consent shall be binding upon the Holder of the Second Lien Bonds giving such consent and on any subsequent Holder of such Second Lien Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders of the required percentages of Second Lien Bonds shall have filed their consent to the Supplemental Indenture to the Second Lien Supplemental Indenture, notice, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentages of Second Lien Bonds and will be effective as provided in this section, may be given to the Holders of Second Lien Bonds by mailing such notice to Holders of Second Lien Bonds. The Corporation shall file with the Trustee proof of giving such notice. Such Supplemental Indenture to the Second Lien Supplemental Indenture shall be deemed conclusively binding upon the Corporation and the Holders of all Second Lien Bonds at the expiration of sixty (60) days after the filing with the Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that the Corporation during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 10.02)

MODIFICATIONS BY UNANIMOUS CONSENT

The terms and provisions of the Second Lien Supplemental Indenture and the rights and obligations of the Corporation and of the Holders of the Second Lien Bonds may be modified or amended in any respect upon the execution, delivery and filing with the Trustee by the Corporation of a copy of a Supplemental Indenture thereto certified by an Authorized Officer of the Corporation and the consent of the Holders of all of the Second Lien Bonds then Outstanding, such consent to be given as provided in the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 10.03)

EVENTS OF DEFAULT

An event of default shall exist under the Second Lien Supplemental Indenture and under each Supplemental Indenture thereto authorizing Second Lien Bonds (therein called an “**event of default**”) if: (a) payment of the principal or Redemption Price of any Second Lien Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or (b) payment of an installment of interest on any Second Lien Bond shall not be made by the Corporation when the same shall become due and payable; or (c) the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Indenture related to Second Lien Bonds or in the Second Lien Supplemental Indenture or in the Second Lien Bonds or in any Supplemental Indenture thereto on the part of the Corporation to be performed and such default shall continue for ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Outstanding Second Lien Bonds, unless, if such default is capable of being cured but is not capable of being cured within ninety (90) days, the Corporation has commenced to cure such default within said ninety (90) days and diligently prosecutes the cure thereof; or (d) the Corporation shall (1) generally not be paying its debts as they become due, (2) commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian

or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (3) make a general assignment for the benefit of its creditors, (4) declare a moratorium or (5) take any corporate action to authorize any of the foregoing; or (e) trustee in bankruptcy, custodian or receiver for the Corporation or any substantial part of its property shall have been appointed and the same has not been discharged within ninety (90) days after such appointment.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 11.01)

NO ACCELERATION WITH RESPECT TO THE SECOND LIEN BONDS

There shall be no right of acceleration with respect to the Second Lien Bonds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 11.02)

ENFORCEMENT OF REMEDIES; LIMITATIONS

Upon the happening and continuance of any event of default specified in the Second Lien Supplemental Indenture, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Second Lien Bonds, shall proceed (subject to the provisions related to permitted acts under the Second Lien Supplemental Indenture), to protect and enforce its rights and the rights of the Holders of Second Lien Bonds under the Second Lien Supplemental Indenture or under any Supplemental Indenture thereto or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Second Lien Supplemental Indenture or under any Supplemental Indenture thereto or in aid or execution of any power herein or therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it under the Second Lien Supplemental Indenture, including but not limited to the Sale Agreement, and of its rights and obligations under the Act.

In the enforcement of any remedy under the Second Lien Supplemental Indenture and under each Supplemental Indenture thereto the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Corporation for principal or interest or otherwise under any of the provisions of the Second Lien Supplemental Indenture or of any Supplemental Indenture thereto or of the Second Lien Bonds, with interest on overdue payments of the principal of or interest on the Second Lien Bonds at the rate or rates of interest specified in such Second Lien Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under any Supplemental Indenture thereto and under such Second Lien Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Second Lien Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Second Lien Supplemental Indenture, in any Supplemental Indenture thereto and in such Second Lien Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

Anything in the Second Lien Supplemental Indenture to the contrary notwithstanding, neither the Trustee nor any Second Lien Bondholder shall have any right in or to any proceeds derived from the issuance of Second Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of any Second Lien Bonds held in the Second Lien City Proceeds Account or otherwise paid to the City and no action or proceeding shall be maintained to enforce

any claim to any such proceeds. Each Second Lien Bondholder by purchase of its Second Lien Bonds waives any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of Second Lien Bonds held in the Second Lien City Proceeds Account or otherwise paid to the City or at the direction of the City pursuant to a Direction Letter and the right to maintain any action or proceeding to enforce any claim to any such proceeds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 11.03)

LIMITATION OF RIGHTS OF INDIVIDUAL HOLDERS OF SECOND LIEN BONDS

No Holder of any of the Second Lien Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Second Lien Supplemental Indenture, or for any other remedy thereunder unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than a majority in principal amount of the Outstanding Second Lien Bonds, shall have made written request to 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 granted thereby or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity 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.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 11.07)

DEFEASANCE

If the Corporation shall pay or cause to be paid to the Holders of Second Lien Bonds of a Series the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, herein, and in the applicable Supplemental Indenture to the Second Lien Supplemental Indenture, then the pledge of the Trust Estate and all other rights granted thereby to such Second Lien Bonds shall be discharged and satisfied.

Second Lien Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph under this section. All Outstanding Second Lien Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if: (i) in case any of said Second Lien Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the provisions for the redemption of Second Lien Bonds under the Second Lien Supplemental Indenture notice of redemption on said date of such Second Lien Bonds; (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient in the judgment of a nationally recognized verification agent to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Second Lien Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) in the event said Second Lien Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee, in form satisfactory to it, irrevocable instructions

to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Second Lien Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Second Lien Bonds that the deposit required by (ii) above has been made with the Trustee and that said Second Lien Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Second Lien Bonds; and (iv) in the event of a defeasance of a Tax Exempt Bond, the Corporation shall have delivered to the Trustee an opinion of Transaction Counsel to the effect that any Second Lien Bonds having been deemed to have been paid as provided in this section would not (A) cause said Second Lien Bonds to be considered to have been “reissued” for purposes of Section 1001 of the Code and (B) adversely affect the exclusion of interest on such Tax Exempt Bond from gross income for purposes of federal income taxation.

The Corporation shall give written notice to the Trustee of its selection of the Series and maturity payment of which shall be made in accordance with this section. The Trustee shall select the Second Lien Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the provisions for selection of Second Lien Bonds to be redeemed under the Second Lien Supplemental Indenture. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Second Lien Bonds; *provided, however*, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Second Lien Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Second Lien Bonds, as realized, be paid by the Trustee as follows: First, to the Second Lien Subordinate Arbitrage Rebate Account, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; second, to each Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; and, then, the balance thereof to the Corporation. The money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created the Second Lien Supplemental Indenture.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 12.01)

NO RECOURSE UNDER INDENTURE OR ON THE SECOND LIEN BONDS

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Master Indenture and in the Second Lien Supplemental Indenture or in any Supplemental Indenture thereto shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Second Lien Bonds or for any claims based thereon, hereon, on the Master Indenture or on the Supplemental Indenture thereto against any member, officer or employee of the Corporation or any person executing the Second Lien Bonds, all such liability, if any, being expressly waived and released by every Holder of Second Lien Bonds by the acceptance of the Second Lien Bonds.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 14.04)

CERTAIN PROVISIONS RELATING TO CAPITAL APPRECIATION BONDS AND DEFERRED INCOME BONDS

For the purposes of receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, the then current Accreted Value of such Second Lien Bond shall be deemed to be its principal amount. In computing the principal amount of Second Lien Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Corporation, the City or the Trustee any notice, consent, request, or demand pursuant to the Second Lien Supplemental Indenture for any purpose whatsoever, the Accreted Value of such Second Lien Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision of the Second Lien Supplemental Indenture, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity, the difference between the Accreted Value of such Second Lien Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Second Lien Bond on the date the Second Lien Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

For the purposes of receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, the then current Appreciated Value of such Second Lien Bond shall be deemed to be its principal amount. In computing the principal amount of Second Lien Bonds held by the registered owner of a Deferred Income Bond in giving to the Corporation or the Trustee any notice, consent, request, or demand pursuant to the Second Lien Supplemental Indenture for any purpose whatsoever, the Appreciated Value of such Second Lien Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision the Second Lien Supplemental Indenture, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price, the difference between the Appreciated Value of such Second Lien Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Second Lien Bond on the date the Second Lien Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(SECOND LIEN SUPPLEMENTAL INDENTURE SECTION 14.07)

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APPENDIX D

KESTREL VERIFIERS' SOCIAL BONDS SECOND PARTY OPINION

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Second Party Opinion

EXECUTIVE SUMMARY

ISSUER

Sales Tax Securitization Corporation

OPINION ON

\$100,449,000 Sales Tax Securitization Bonds, Series 2023A (Social Bonds)

\$59,422,000 Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds)

*Preliminary, subject to change

SOCIAL STANDARD AND CATEGORIES



- COVID-19 Response
- Affordable Housing
- Access to Essential Services
- Socioeconomic Advancement and Empowerment

TARGET POPULATION

Residents of the City of Chicago, Illinois

KEYWORDS

Chicago Recovery Plan; COVID-19 pandemic response; affordable housing; homeless supportive housing; ecosystem services; decarbonization; environmental justice

EVALUATION DATE

December 6, 2022

SUMMARY

Kestrel Verifiers is of the opinion that the Sales Tax Securitization Bonds, Series 2023A (Social Bonds) and the Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds) (“Senior Lien Series 2023 Bonds”) are highly impactful, conform with the four core components of the Social Bond Principles (2021), and align with the United Nations Sustainable Development Goals as follows:

▪ Use of Proceeds

The Sales Tax Securitization Corporation intends to issue Social Bonds to (i) finance certain initiatives and projects within the Chicago Recovery Plan (“CRP”), (ii) pay capitalized interest, and (iii) pay costs of issuance. The Senior Lien Series 2023 Bonds will provide funding to advance a variety of affordable housing, homeless support services, environmental justice, and community development initiatives and projects outlined in the CRP (collectively, “initiatives” or “projects”). The Senior Lien Series 2023 Bonds align with four eligible project categories under the Social Bond Principles: *COVID-19 Response*, *Affordable Housing*, *Access to Essential Services*, and *Socioeconomic Advancement and Empowerment*.

▪ Process for Project Evaluation and Selection

The projects outlined in the CRP were selected and prioritized based on comprehensive, evidence-based planning and conformance with federal requirements. Each initiative supports two major themes of the CRP. The City of Chicago (“City”) conducted robust outreach to understand community needs and priorities related to public safety, arts and culture, neighborhood development, community services, infrastructure, and regulatory services. The projects also advance goals and strategies identified in the City’s 2022 Climate Action Plan.

▪ Management of Proceeds

Bond proceeds will be allocated to the CRP projects and will pay costs of issuance. The Department of Finance, the Comptroller, and the Office of Budget and Management will oversee allocation and management of proceeds. Bond funds will be held in distinct accounts and may be held in temporary investments prior to allocation.

- **Reporting**

Pursuant to an agreement with the Corporation, the City intends to track and report the uses of proceeds of the Senior Lien Series 2023 Bonds and outcomes relating to the bond-financed CRP projects annually through the Electronic Municipal Market Access (“EMMA”) system on a voluntary basis. Additionally, the City will assess the effectiveness of CRP programs and impacts to improve future performance.

- **United Nations Sustainable Development Goals**

Kestrel Verifiers views the bond-financed activities as highly impactful across multiple sectors. The Senior Lien Series 2023 Bonds will advance the CRP which includes many programs and initiatives to expand social services, public greenspace, and economic recovery from the COVID-19 pandemic. The projects support and advance multiple UN SDGs, including Goals 1: *No Poverty*, 8: *Decent Work and Economic Growth*, 9: *Industry, Innovation and Infrastructure*, 10: *Reduced Inequalities*, 11: *Sustainable Cities and Communities*, 15: *Life on Land*, and 17: *Partnerships for the Goals*.



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Second Party Opinion

Issuer:	Sales Tax Securitization Corporation
Issue Description:	\$100,449,000 Sales Tax Securitization Bonds, Series 2023A (Social Bonds) \$59,422,000 Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds)
Project:	Chicago Recovery Plan (“CRP”)
Social Standard:	Social Bond Principles
Social Categories:	COVID-19 Response Affordable Housing Access to Essential Services Socioeconomic Advancement and Empowerment
Target Population:	Residents in the City of Chicago, Illinois
Keywords:	Chicago Recovery Plan; COVID-19 pandemic response; affordable housing; homeless supportive housing; ecosystem services; decarbonization; environmental justice
Par:	\$159,871,000
Evaluation Date:	December 6, 2022

SOCIAL BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Sales Tax Securitization Bonds, Series 2023A (Social Bonds) and the Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds) (“Senior Lien Series 2023 Bonds”) to evaluate conformance with the Social Bond Principles (June 2021) established by the International Capital Market Association. Our team for this engagement included analysts with backgrounds in social science and environmental science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Senior Lien Series 2023 Bonds with the Social Bond Principles. In our opinion, the Senior Lien Series 2023 Bonds are highly impactful, align with the four core components of the Social Bond Principles, and qualify for Social Bonds designation.

ABOUT THE ISSUER

The Sales Tax Securitization Corporation (“STSC” or “the Corporation”) is a special purpose, bankruptcy-remote not-for-profit corporation and is an instrumentality of the City of Chicago.

ABOUT THE CITY OF CHICAGO AND THE CHICAGO RECOVERY PLAN

The City of Chicago (the “City”) governs the largest city in Illinois with a population of approximately 2.7 million—the third-largest city in the United States. Chicago is a national hub for business, education, healthcare, government, and manufacturing, and comprises approximately 50 wards and 100 neighborhoods. The mayor, City Council, and various City departments set priorities for planning and development, public health, cultural affairs, housing, utilities, parks and other public services. As noted in

the City’s 2022 Climate Action Plan, the City aims to reduce Chicago’s greenhouse gas emissions 62% by 2040, to support a path to net zero.

In its Chicago Recovery Plan (“CRP”), published September 2021, the City outlines its vision for sustainable and equitable recovery from the COVID-19 pandemic.¹ The CRP has two strategic investment themes:

- **Thriving and Safe Communities:** investments in the well-being of people and communities to allow them to thrive and collectively improve community safety
- **Equitable Economic Recovery:** strategic investments to create an equitable economic recovery for Chicago neighborhoods and communities hardest hit by the pandemic

The CRP also leverages federal COVID-19 resources, general obligation bond funds, and the City’s existing capital plan to facilitate equitable recovery from the pandemic, with an emphasis on providing services to disadvantaged groups and underserved communities (including the South and West Sides of Chicago). As of November 2022, Chicago has received \$1.887 billion in Local Fiscal Recovery Funds authorized by Congress as part of the American Rescue Plan. Local Fiscal Recovery Funds were allocated to state, local, and Tribal governments to address lost revenue, public health and economic impacts, wages for essential workers, and infrastructure needs related to COVID-19 recovery.²

ALIGNMENT TO SOCIAL STANDARDS³

Use of Proceeds

Proceeds of the Senior Lien Series 2023 Bonds will (i) finance certain initiatives and projects within the Chicago Recovery Plan (“CRP”), as authorized by the STSC 2017 Resolution and the City’s bond ordinance in October 2021,⁴ (ii) pay capitalized interest, and (iii) pay costs of issuance. These initiatives align with four eligible project categories identified in the Social Bond Principles (2021).

By prioritizing initiatives to address critical needs of Chicago residents the Senior Lien Series 2023 Bonds catalyze the impact of the CRP. The City expects a portion of the CRP to be funded with a total of \$660 million in bonds to augment the Local Fiscal Recovery Fund (“LFRF”) allocation and accelerate the equitable and sustainable recovery from the COVID-19 pandemic for all Chicagoans. A total of \$2.5 billion will finance the CRP and more specifically, 13 programs under the strategic investment themes (Figure 1). The funds raised through the Corporation’s sales tax securitization debt and the City’s general obligation debt combined with available American Rescue Plan funds represents a pivotal opportunity for the City to invest in historically disinvested communities as it recovers from the COVID-19 pandemic.

Social Standard

Eligible Project Categories:
<ul style="list-style-type: none">▪ COVID-19 Response▪ Affordable Housing▪ Access to Essential Services▪ Socioeconomic Advancement and Empowerment

¹ “Chicago Recovery Plan,” City of Chicago, September 20, 2021, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2022Budget/ChicagoRecoveryPlan.pdf.

² Metrics and COVID-19 impacts summarized from the CRP and references therein. “COVID-19 Dashboard,” City of Chicago, September 7, 2021, <https://www.chicago.gov/city/en/sites/covid-19/home/covid-dashboard.html>.

³ Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible Social Projects which are aligned with the four core components of ICMA’s Social Bond Principles.

⁴ Ordinance: Issuance and sale of various City bonds and amendment of various bond ordinances, City of Chicago, passed October 27, 2021, <https://chicago.legistar.com>.

Figure 1. Summary of Chicago Recovery Plan Impact and Funding Sources

Source	Strategic Investment Themes			Total (\$M)
	Essential City Services (\$M)	Thriving & Safe Communities (\$M)	Equitable Economic Recovery (\$M)	
Local Fiscal Recovery Fund (LFRF)	1,320	420	147	1,887
Bond Funds (Bonds)	-	356	304	660
Total Investment	1,320	776	451	2,547

Program	Bonds (\$M)	LFRF (\$M)	Total (\$M)
Affordable Housing	157	-	157
Assistance to Families	31	126	157
City Priorities for Health & Wellness	5	103	108
Violence Prevention	-	85	85
Environmental Justice	78	9	87
Homelessness Support Services	85	32	117
Youth Opportunities	-	65	65
Total	356	420	776

Program	Bonds (\$M)	LFRF (\$M)	Total (\$M)
Arts & Culture	-	16	16
Community Climate Investments	101	-	101
Community Development	136	30	166
Infrastructure & Parks	51	10	61
Small Business & Workforce Support	16	71	87
Tourism & Industry Support	-	20	20
Total	304	147	451

See Table 2 in Appendix A for a full list of bond-financed and non-bond-financed CRP initiatives and their total initiative budgets. The Senior Lien Series 2023 Bonds will provide funds for planning, design and/or implementation of a variety of affordable housing, homeless support services, environmental justice, and community development initiatives and projects outlined in the CRP (collectively, the “initiatives” or “projects”), as shown below in Table 1. Bond proceeds are expected to fund CRP cash flows through June 2023. In addition, supplemental funding from the City’s ongoing capital plan, *Chicago Works*, has also been allocated to increase investment for two of the initiatives listed below.

Table 1. Expected allocation⁵ of bond proceeds to initiatives identified in the CRP

Initiative	Investment Focus Area	Parent Program	Description & Impact ⁶	Preliminary Sum of Bond Total (\$M) ⁷	Total CRP Initiative Budget (\$M)	Supplemental Budget from Chicago Works (\$M)
Development of Mixed-Use Housing	Thriving and Safe Communities	Affordable Housing	Create mixed-use, multi-family housing developments for low- and moderate-income residents in neighborhoods hardest hit by COVID-19 through expanded investment and incentives programs	\$36.3	\$75.1	N/A
Non-Congregate Housing	Thriving and Safe Communities	Homelessness Support Services	Utilize former hotel and lodging buildings for use as permanent supportive housing	\$24.9	\$30	N/A

⁵ Expected allocation of proceeds and budget amounts are subject to change.

⁶ Project description text can be found in the Chicago Recovery Plan. “Chicago Recovery Plan,” City of Chicago, September 20, 2021, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2022Budget/ChicagoRecoveryPlan.pdf.

⁷ Column may not add up to total sum due to rounding.

Initiative	Investment Focus Area	Parent Program	Description & Impact ⁶	Preliminary Sum of Bond Total (\$M) ⁷	Total CRP Initiative Budget (\$M)	Supplemental Budget from Chicago Works (\$M)
Permanent Supportive Housing	Thriving and Safe Communities	Homelessness Support Services	Create new units for permanent supportive housing across newly rehabilitated housing buildings	\$19.5	\$35	N/A
Tree Canopy Equity Expansion Program	Thriving and Safe Communities	Environmental Justice	Expand tree canopy coverage throughout the City to be more equitable	\$17.2	\$46	N/A
Community Development Grants	Equitable Economic Recovery	Community Development / Small Business & Workforce Development	Rehabilitate vacant commercial and mixed-use buildings in neighborhoods for use by residents and business owners, emphasizing areas identified as key violence reduction areas; provide grants and business support services to revitalize commercial corridors, support new small business owners, and involve local artists in beautification projects	\$16.1	\$70	\$40.0
Vacant Lot Reduction Strategy	Equitable Economic Recovery	Community Development	Reactivate vacant city-owned land, streamline environmental reviews, transfer ownership to neighborhood residents for community benefit, and finance small business grants	\$12.4	\$82	N/A
Decarbonized Fleet and electric vehicle replacement ⁸	Equitable Economic Recovery	Community Climate Investments	Purchase of electric vehicles for the City's public facility fleet, as well as fund electric vehicle charging infrastructure	\$23.6	\$8.3	\$33.0
Total				\$150.0	\$346.4	\$73.0

⁸ A portion of bond-financed electric vehicle replacement projects fall under the *Chicago Works Capital Improvement Plan: Investing in Communities Through Infrastructure ("Chicago Works")* – not the CRP. *Chicago Works* is a five-year needs-based program for 2021-2025 that prioritizes infrastructure investments and projects that support community safety, equity, cost effectiveness, climate change adaptation and job creation.

Key Features of Select High-Impact Projects

Kestrel Verifiers recognizes the paramount importance of all initiatives in the Chicago Recovery Plan, and in particular the significant positive impact that projects in Table 1 will have on community health and empowerment. Kestrel Verifiers views several of these bond-financed initiatives as having significant positive social impact, including:

- *Homelessness Support Services (all projects)*
Shelter is a basic human need: access to safe and reliable housing ensures access to a bed and bathroom, supports physical security, and offers the human dignity of an autonomous space. Moreover, access to shelter (i.e., safe and affordable housing) is a social determinant of health, and housing interventions for low-income persons have been found to improve health outcomes and decrease healthcare costs.⁹ For example, persons who are chronically homeless face substantially higher morbidity in terms of both physical and mental health, in addition to increased mortality.¹⁰ Unfortunately, many communities across the United States lack the capital or the policies to support significant housing opportunities for persons and families experiencing homelessness, thus prolonging unsheltered homelessness and the detrimental impact on public health. Chicago's approach that combines non-congregate emergency housing and permanent housing solutions reflects best practices to ameliorate homelessness.
- *Tree Canopy Equity Expansion Program*
Low-income neighborhoods and communities of color in Chicago and across the United States tend to have less access to parks and trees compared to wealthier, whiter neighborhoods.¹¹ In the US, communities of color have 33% less tree canopy on average than majority white communities, and neighborhoods with 90% or more of their residents living in poverty have 41% less tree canopy than communities with only 10% or less of the population in poverty.¹² The equitable distribution of ecosystem services is a matter of environmental justice. The City's pursuit of this tree canopy program addresses these disparities by expanding ecosystem services to communities that disproportionately lack access not only to trees, parks and greenery, but also to the inherent environmental, public health, community and economic benefits that follow. These benefits include, but are not limited to, the removal of carbon dioxide from the air, the improvement of air quality, the mitigation of the urban heat island effect, and the reduction in energy costs and building emissions related to indoor cooling. The goal of the program is to plant 15,000 trees annually, a 300% increase, for 5 years. In this way, the City aims to create local jobs in tree planting and maintenance, and improve equitable access to ecosystem services. As of November 2022, tree planting is already underway.
- *Community Development Grants / Vacant Lot Reduction Strategy*
In the US in general, and in Chicago specifically, historically disinvested neighborhoods or blighted areas require strategic investment to build social capital and increase community wealth. For example, vacant lots can be repurposed and transformed into community gardens and greenspaces, affordable housing developments, parks and recreation areas, and other types of neighborhood assets. Private investment in vacant buildings and lots can sometimes lead to gentrification and displacement of original inhabitants, however, the City aims to benefit existing communities through these CRP initiatives to rehabilitate and develop land and properties. The City's goal behind these initiatives is to keep mixed-use housing affordable, reduce violence and support small businesses.

Furthermore, the Senior Lien Series 2023 Bonds may have additional social impact and benefit, as the Corporation proposes to offer a small denomination option for bonds and special consideration for Chicago residents pursuing this option. This approach may enable individuals who have not historically had access

⁹ "Social Determinants of Health," US Department of Health and Human Services, accessed November 10, 2022, <https://health.gov/healthypeople/objectives-and-data/social-determinants-health>.

¹⁰ Lauren Taylor, "Housing and Health: An Overview of the Literature," Health Affairs, June 2018, <https://www.healthaffairs.org/doi/10.1377/hpb20180313.396577/full/>.

¹¹ "Advancing sustainability through urban green space: Cultural ecosystem services, equity, and social determinants of health," Children & Nature Network, accessed November 10, 2022, <https://research.childrenandnature.org/research/more-equitable-access-to-urban-green-space-may-help-alleviate-health-gaps-between-socio-economic-groups/>.

¹² "Trees Are Missing in Low-Income Neighborhoods," *Scientific American*, June 22, 2021, <https://www.scientificamerican.com/article/trees-are-missing-in-low-income-neighborhoods/>.

to high quality investments to invest in bonds that directly support projects and activities that are beneficial to the local community.

Projects Advance the Just Transition to a Decarbonized Economy¹³

Mitigation of transition risk requires planning for the necessary structural changes to address climate change and the transition to a low-carbon economy, with recognition of the risks associated with inaction. The projects and initiatives financed by the Senior Lien Series 2023 Bonds advance climate investment activities, support climate and environmental justice initiatives, and align with Chicago's 2022 Climate Action Plan.¹⁴ Climate resilience is an integral component of CRP, as demonstrated by the tree canopy equity expansion program and fleet decarbonization program.

The Senior Lien Series 2023 Bonds also finance activities which align with the *just transition*, characterized by the equitable inclusion and accommodation of all individuals, with a special focus on disadvantaged groups who may be directly or indirectly affected by the structural changes necessary for the transition to a low-carbon economy. Projects that support the just transition are planned in a way that incorporates the understanding of physical, transition and/or societal risk. By catalyzing the CRP, which prioritizes investment in the City's most vulnerable communities, the Senior Lien Series 2023 Bonds support a just and equitable transition. All bond-financed initiatives will contribute to the City's equitable recovery from the COVID-19 pandemic, and advance a long-term vision for thriving and safe communities over the next decade. In these ways, the Senior Lien Series 2023 Bonds advance *the just transition to a low-carbon economy*.

Process for Project Evaluation and Selection

The City used a comprehensive planning process to develop priorities, projects and actions for equitable recovery from the pandemic as laid out in the Chicago Recovery Plan. This was a requirement for federal funds. Using an evidence- and research-based approach, the City modeled successful programs and projects from elsewhere while also prioritizing input from its diverse local stakeholders. The resulting CRP aims to maximize positive impact through two overarching strategic themes, *Thriving and Safe Communities* and *Equitable Economic Recovery*. Further, the CRP advances 13 prioritized programs within these themes, including Affordable Housing, Community Climate Investments, Parks & Infrastructure, and Environmental Justice. All CRP projects also advance sustainability goals identified in the City of Chicago 2022 Climate Action Plan. The City selected high-prioritized CRP projects in Table 1 to be financed with bond proceeds for the remainder of 2022 and through the end of 2023.

Management of Proceeds

The Program Management Office within City government coordinates implementation of the Chicago Recovery Plan and ensures all financed activities comport with federal requirements for the Local Fiscal Recovery Funds. Funds may not be used for pensions, legal settlements or judgments.

Bond proceeds will finance certain projects within the CRP, pay costs of issuance, and are expected to fund CRP cash flows through the end of 2023. Proceeds will be allocated to the initiatives, tracked at the project level, and managed by the Department of Finance and the Comptroller. Proceeds will not be intermingled with other funds, and may be held temporarily in Permitted Investments prior to allocation. The Office of Budget and Management and the City Council will approve the allocation of funds to projects prior to distribution.

Reporting

Prior to the issuance of the Senior Lien Series 2023 Bonds, the Corporation will enter into a Voluntary Reporting Agreement with the City. Under the Voluntary Reporting Agreement, the City intends to track

¹³ Climate change poses significant systemic risks to US financial systems and municipal issuers. These risks may broadly be divided into physical risk, transition risk and societal risk. Physical risk includes effects of climate change on physical assets, such as extreme weather events and sea level rise. Transition risk includes market and technology risks, reputational risks, policy risks and legal risks. Societal risk includes risk to stable democracies, risk to civil liberties and human rights, risk to labor supply, and risk to public health. Mitigation of transition risk requires planning for the necessary structural changes to address climate change and societal inequity with recognition of the risks associated with inaction. We refer to this as the just transition to a decarbonized economy, or the just transition.

¹⁴ "2022 Chicago Climate Action Plan," City of Chicago, accessed November 10, 2022, <https://www.chicago.gov/city/en/sites/climate-action-plan/home.html>.

and report the uses of proceeds of the Senior Lien Series 2023 Bonds and the outcomes relating to the bond-financed CRP projects. The City intends to annually file a report electronically with the Electronic Municipal Market Access (“EMMA”) system operated by the Municipal Securities Rulemaking Board (“MSRB”) (each, a “Voluntary Report”) regarding the expenditure of the net proceeds of the Senior Lien Series 2023 Bonds until the net proceeds of the Senior Lien Series 2023 Bonds have been fully expended.

Achievement of the equitable recovery goals identified in the CRP is contingent upon ongoing adjustments to maximize impact. The CRP includes requirements to continually monitor the performance of various initiatives and adjust accordingly. The City will identify adjustments to improve impacts as measured through community engagement, delivery of services, economic outcomes, and more. In this way, the City will maintain its commitment to an evidence-based approach.

A subcommittee within the Program Management Office will oversee these assessments, as well as program adjustments, appropriation of funds to projects, and preparation of performance reports. Performance reports are anticipated to include the percentage of bond proceeds allocated to certain CRP initiatives, project descriptions and updates, and socially positive outcomes and outputs for each CRP initiative (as described in the Official Statement). These performance reports are expected to be published on EMMA and on the City’s website: <https://www.chicago.gov/city/en/sites/chicago-recovery-plan/home.html>.

IMPACT AND ALIGNMENT WITH UN SDGs

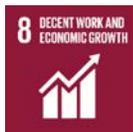
The bond-financed projects help to address UN SDGs 1, 8, 9, 10, 11, 15, and 17 by improving equitable access to services, including housing and urban greenspace, promoting collaborative community partnerships, and ensuring economic stability.¹⁵ Housing initiatives in the CRP advance Targets 1.2, 1.4, 10.2, and 11.1 by increasing the number of housing units in Chicago, and creating permanent housing for individuals experiencing or at-risk of homelessness. Bond-financed small business grants and other support services advance Target 8.3. The tree planting program will increase equitable access to greenspaces for communities of color, low-income areas, and neighborhoods with historically less trees, thereby advancing Target 10.2. This program also promotes sustainable urban forest management and advances Targets 11.7 and 15.2. By investing in programs and services that provide a social safety net to support economic recovery following the COVID-19 pandemic, the CRP supports Targets 1.2 and 17.13. The vacant lots and buildings programs will advance Targets 9.1, 10.2 and 11.1 by expanding infrastructure and advancing community wealth, which is especially impactful for vulnerable and historically disinvested neighborhoods. Development of the CRP advances Target 17.17 through the collaborative engagement of community partnerships, in addition to federal and local collaboration.

Full text of the Targets for Goals 1, 8, 9, 10, 11, 15, and 17 is available in Appendix B, with additional information available on the United Nations website: un.org/sustainabledevelopment



No Poverty (Targets 1.2, 1.4)
Possible Indicators

- Number of housing units provided or preserved
- Number of non-congregate, long-term homeless housing units developed



Decent Work and Economic Growth (Target 8.3)
Possible Indicators

- Number of small businesses provided access to grants and other support services



Industry, Innovation and Infrastructure (Target 9.1)
Possible Indicators

- Number of vacant lots revitalized
- Number of vacant buildings rehabilitated

¹⁵ Due to the robust programs and initiatives outlined in the CRP, we have chosen to focus Targets and Possible Indicators on the programs and initiatives receiving larger amounts of funding from the bond proceeds.



Reduced Inequalities (Target 10.2)
Possible Indicators

- Number of housing units created or preserved
- Number of trees planted in neighborhoods with historically low tree canopy



Sustainable Cities and Communities (Targets 11.1, 11.7)
Possible Indicators

- Number of trees planted
- Number of affordable housing units created or preserved in low-income neighborhoods
- Number of vacant lots and buildings revitalized



Life on Land (Target 15.2)
Possible Indicators

- Air quality reports following tree planting efforts



Partnerships for the Goals (Targets 17.13, 17.17)
Possible Indicators

- Number of stakeholder engagements held during CRP development and implementation
- Number of jobs created through CRP initiatives and projects

CONCLUSION

Based on our independent external review, the Sales Tax Securitization Bonds, Series 2023A (Social Bonds) and the Sales Tax Securitization Bonds, Taxable Series 2023B (Social Bonds) are highly impactful, conform, in all material respects, with the Social Bond Principles (2021) and are in complete alignment with four eligible project categories: *COVID-19 Response, Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment.*

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ABOUT KESTREL VERIFIERS



For over 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women’s Business Enterprise. For more information, visit kestrelverifiers.com.

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DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information that was provided by the City or made publicly available by the City and relied

upon by Kestrel only during the time of this engagement (July - December 2022), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel Verifiers can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel Verifiers is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Social Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel Verifiers is for informational purposes only, is current as of the date of issuance, and does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Corporation, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel Verifiers accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the City or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.



Appendix A.

CHICAGO RECOVERY PLAN INITIATIVE BUDGETS

Table 2. Full list of bond-financed and non-bond-financed CRP initiatives and their total initiative budgets

Initiative	Parent Program	Total Initiative Budget (\$M)
Development of Mixed-Use Housing	Affordable Housing	\$75.1
Non-Congregate Housing	Homelessness Support Services	\$30.0
Increasing Access to Broadband Internet Connection	Assistance to Families	\$18.0
Permanent Supportive Housing	Homelessness Support Services	\$35.0
Owner-Occupied Repair Grants	Affordable Housing	\$18.0
Tree Canopy Equity Expansion Program	Environmental Justice	\$46.0
Household Lead Abatement Program	Affordable Housing	\$47.3
Gender-based violence reduction	City Priorities for Health & Wellness	\$5.0
Direct Homebuyer Assistance Program	Affordable Housing	\$5.0
Acquisition Rehab Program for Small/Mid-Sized Buildings	Affordable Housing	\$12.0
Shelter Infrastructure	Homelessness Support Services	\$20.0
Neighborhood Climate Resiliency Projects	Environmental Justice	\$25.0
Env. Rem. & Air Quality	Environmental Justice	\$24.0
Environmental Reviews	Environmental Justice	\$6.0
Water Reconnection Program	Assistance to Families	\$13.0
Neighborhood Power	Assistance to Families	\$10.0
Community Infrastructure Fund	Community Climate Investments	\$5.0
Community Development Grants	Community Development	\$54.0
Vacant Lot Reduction Strategy	Community Development	\$82.0
Neighborhood Parks Improvement	Infrastructure & Parks	\$27.6
Decarbonized Fleet	Community Climate Investments	\$41.3
Low Carbon Mobility	Community Climate Investments	\$10.0
Commercial Corridors and Responsive Neighborhood Activation Investments	Small Business & Workforce Support	\$16.0
Park Infrastructure Improvements	Infrastructure & Parks	\$8.0
African American Heritage Trail	Infrastructure & Parks	\$1.5
Compost & Microhaul Program	Community Climate Investments	\$6.5
Updates to City Digital Services	Infrastructure & Parks	\$15.0
MWRD Rain Ready Chatham	Environmental Justice	\$0.8
Library Solar	Community Climate Investments	\$5.0
Industrial Solar	Community Climate Investments	\$5.0
Low/Mod Income Housing Retrofit	Community Climate Investments	\$15.0
Multi-Family Decarbonization & Housing Retrofit	Community Climate Investments	\$6.0
Clean Water Restoration	Community Climate Investments	\$5.0
Small Business Grants	Chicago Works	\$40.0
GRAND TOTAL¹⁶		\$733.1

¹⁶ The listed total includes \$73 million in supplemental project budget from Chicago Works.

Appendix B.

UN SDG TARGET DEFINITIONS

Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Target 1.4

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Target 8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services

Target 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Target 10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Target 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Target 11.7

By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Target 15.2

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

Target 17.13

Enhance global macroeconomic stability, including through policy coordination and policy coherence

Target 17.17

Encourage and promote effective public, public private and civil society partnerships, building on the experience and resourcing strategies of partnerships

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APPENDIX E

**CHICAGO RECOVERY PLAN
PROPOSED PROJECTS BY FUNDING SOURCE**

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APPENDIX E

**CHICAGO RECOVERY PLAN
PROPOSED PROJECTS BY FUNDING SOURCE**

Set forth below is a summary of proposed projects by funding source which the City currently includes in the Chicago Recovery Plan. As a result of the forward-looking nature of the Chicago Recovery Plan, the anticipated projects and the funding sources for these projects are subject to change. No assurance can be given that these projects will be funded, that these projects will be funded in these amounts or that the funding sources for any projects will not be revised. In addition, the City may ultimately decide not to proceed with certain projects in the Chicago Recovery Plan.

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Affordable Housing		--	157.4	157.4
Development of mixed-use Housing	Create mixed-use, multi-family housing developments in neighborhoods hardest-hit by COVID-19 through expanded investment and incentives programs	--	75.1	75.1
Household lead abatement program	Funding to remove lead and other hazards to increase safety and health outcomes in homes with young children	--	47.3	47.3
Owner-occupied repair grants	Provide forgivable loans and grants to qualified homeowners for rehab and repair services that will help them safely remain in their homes	--	18.0	18.0
Acquisition rehab program for small/mid-sized buildings	Identify and restore troubled and abandoned homes and buildings in priority neighborhoods to support community investment	--	12.0	12.0
Direct homebuyer assistance program	Program to provide forgivable loans and grants to homebuyers in neighborhoods most acutely affected by the COVID-19 pandemic to expand homeownership	--	5.0	5.0

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Assistance to Families		126.0	31.0	157.0
Targeted financial and legal assistance for underserved residents	Create immediate financial assistance programs for underserved communities such as undocumented residents, domestic workers, and small community-based nonprofits providing safety net services; pilot a monthly cash assistance program for hard-hit, low-income households in need of additional economic stability; expand legal assistance programs through the Legal Protection Fund and Community Justice Initiative	71.0	--	71.0
Aid for Chicago's vulnerable students	Provide flexible grants for Chicago students/households to cover school supplies, food and other essentials that are required for student support	20.0	--	20.0
Increasing access to broadband internet connection	Expand Chicago Connected by funding neighborhood-scale broadband, which leverage City assets to increase broadband affordability and accessibility in communities	10.0	18.0	28.0
Access and awareness for public support services	Provide community-based navigation resources to ensure residents are aware of public services and can gain access, including the creation of a 211 system	15.0	--	15.0
Water reconnection program	Complete plumbing and water reconnection repairs for households unable to make repairs necessary to access clean municipal water source	--	13.0	13.0
Workforce development program	Provide workforce development programming, including apprenticeship, career services and other wrap-around support for those entering the workforce or new industries	10.0	--	10.0
City Priorities for Health and Wellness		103.0	5.0	108.0
Family Connects program	Expand supportive in-home healthcare services to new moms to improve maternal health outcomes of mothers and infants	25.0	--	25.0
Gender-based violence reduction	Assist survivors of gender-based violence through emergency funds, legal assistance, prevention education, housing and other care coordination services	20.0	5.0	25.0

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Mental health equity initiative	Strengthen mental health care citywide through trauma-informed centers of care, mobile team-based care, specialized services such as early-childhood mental health and mental health services for children with developmental disabilities, and residential or intensive outpatient treatment for persons with co-occurring mental health and substance use disorders	20.0	--	20.0
911 alternative response	Improve the City's response to 911 calls by piloting new approaches to 911 call diversion, alternate response models, and establishing alternate destinations for patient transport	15.0	--	15.0
Food equity program	Increase equitable community access to healthy foods and support local food businesses through entrepreneurship, public-private partnerships and an urban agriculture initiative	10.0	--	10.0
COVID-19 emergency response	Additional funding for Chicago's emergency response to the COVID-19 pandemic	8.0	--	8.0
Sobering center	Create a new facility to enhance public safety and health outcomes by providing an alternative to emergency room/jail for publicly intoxicated individuals to initiate recovery	5.0	--	5.0
Violence Prevention		85.0	--	85.0
Resources for community safety initiatives and violence reduction interventions	Fund a comprehensive set of programs including operational support and staffing for the CSCC, communications and marketing for violence prevention and reduction, expansion of resources for violence intervention programming and support for community groups	45.0	--	45.0
Youth intervention programs	Expand interventions for young people with violence involvement--both victims and perpetrators--that will include case management and services such as mental health, employment support and other wraparound services	20.0	--	20.0

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Youth justice diversion	Implementation of a new youth deflection and diversion model in Chicago, including facility/space needs and social services	10.0	--	10.0
Victim support funding	Services and supports for victims of violent crime and their families, including mental health supports, crisis intervention, support with Crime Victim Compensation, housing, food and more	10.0	--	10.0
Environmental Justice Initiatives		9.0	77.8	86.8
Tree canopy equity expansion program	Expand canopy coverage by 15,000 trees annually (a 300% increase) for 5 years, creating job opportunities for planting and maintenance	--	46.0	46.0
Neighborhood climate resiliency projects	Expand green infrastructure and install new site-specific flood mitigation approaches to benefit underserved and overburdened communities; Build 20 Space to Grow projects on Chicago Public Schools property, providing ecosystem benefits and creating organic learning opportunities for local youth; Expand the acclaimed green alley program citywide	--	25.8	25.8
Environmental justice/hazard reduction program	Invest in impact assessment capabilities for pollution, residential and industrial hazards in communities that drive inequitable health outcomes for residents	9.0	--	9.0
Environmental reviews	Provide environmental assessments, soil testing and remediation efforts to ready impacted lots/land for further development	--	6.0	6.0
Homelessness Support Services		32.0	85.0	117.0
Permanent supportive housing	Create new units for permanent supportive housing across newly rehabilitated housing buildings	--	35.0	35.0
Non-congregate housing program	Acquisition of former hotel and lodging buildings for use as permanent supportive housing	--	30.0	30.0

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Rapid rehousing program	Additional resources to ensure those at-risk of homelessness, including those at risk of domestic violence, can access rehousing services and wraparound services en route to permanent housing solutions	20.0	--	20.0
Shelter infrastructure investments	Repair and critical renovation program for Chicago's homeless shelters, including conversion into non-congregate housing	--	20.0	20.0
High utilizer diversion housing	Program to create new capacity for high utilizers of jail and emergency services in order to divert them from the criminal justice system and other institutional settings	12.0	--	12.0
Youth Opportunities		65.0	--	65.0
Youth programs	Create and expand a comprehensive portfolio of programs to connect Chicago youth with early career opportunities, as well as an expansion of the popular My CHI. My Future. program to increase opportunities for out-of-school programming and education	65.0	--	65.0
Arts and Culture		16.0	--	16.0
Artist relief and works fund	Targeted relief for individual artists and cultural organizations not eligible for other federal relief programs	10.0	--	10.0
Together We Heal place-making grants	Support for projects that utilize community engagement to produce cultural projects including community-led public art installations, historical walking tours, neighborhood and educational websites, pop up galleries and other cultural activations	6.0	--	6.0
Community Climate Investments		--	101.3	101.3
Climate-related infrastructure investments	Expand trail networks, create new waste diversion programs, execute public facility and fleet decarbonization, fund low carbon mobility infrastructure, mitigate waterway pollution and remediate swathes of contaminated land	--	60.3	60.3

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Energy efficiency and renewable energy projects to advance climate justice	Create energy investments in low- and moderate-income (LMI) homes, neighborhood anchor buildings and city-owned buildings; execute retrofits and renewable energy projects to cornerstone neighborhood institutions (e.g., community centers and libraries), improving their long-term environmental and economic sustainability; pilot industrial energy efficiency and renewable energy projects	--	41.0	41.0
Community Development		30.0	136.0	166.0
Vacant lot reduction strategy	Reactivate vacant city-owned land and build community wealth by streamlining environmental reviews and transferring ownership to neighborhood residents for community benefit	5.0	82.0	87.0
Vacant buildings rehabilitation program	Rehabilitate vacant commercial and mixed-use buildings in neighborhood corridors for use by residents and business owners, emphasizing areas identified as key violence reduction areas	--	54.0	54.0
Community wealth building pilot	Create a new economic development program to promote local, democratic, and shared ownership and control of community assets; pilot investments in shared-equity models (e.g., worker cooperatives, housing cooperatives, community land trusts), giving historically disinvested communities more accessible and sustainable pathways to building wealth	15.0	--	15.0
Equitable Transit-Oriented Development (ETOD) program	Advance local housing, public health, climate resiliency and economic recovery goals by supporting community-driven development near transit to foster healthy, walkable, affordable, and accessible communities	10.0	--	10.0
City Infrastructure and Parks		10.0	50.6	60.6
Neighborhood parks improvements	Investments in neighborhood park improvements, including beautification, expansion of recreation and accessibility	--	27.6	27.6

Program	Description	American Recovery Plan Funds (\$ in millions)	Bond Proceeds (\$ in millions)	TOTAL PROPOSED INVESTMENT
Updates to City digital services	Investments in IT and digital service delivery teams to improve the effectiveness of relief and support programs addressing negative economic impacts exacerbated by the pandemic	10.0	15.0	25.0
Park infrastructure improvements	Investment in public broadband network at field houses for use by community residents	--	8.0	8.0
Small Business and Workforce Support		71.0	16.0	87.0
Commercial corridors and responsive neighborhood activation investments	Provide grants and business support services to revitalize commercial corridors, support new small business owners, local artists involved in beautification projects; also includes community programs to drive local participation in the planning process and workforce participation in community-driven development projects	51.0	16.0	67.0
Street ambassador program	Create workforce opportunities for engagement along corridors to ensure safety, cleanliness and local participation in commercial development processes	10.0	--	10.0
Re-entry workforce program	Expand workforce training opportunities for formerly incarcerated individuals to attain employment and other stabilization services	10.0	--	10.0
Tourism and Industry Support		20.0	--	20.0
Promote Chicago via marketing efforts and signature events to drive business and attract tourism	Drive tourism and business support by showcasing key destinations in neighborhood hubs via marketing, media, and events/programming. Program will also emphasize stories of real Chicagoans to target communications to businesses that highlight the diversity of Chicago's economy and human capital	20.0	--	20.0
CHICAGO RECOVERY PLAN		567.0	660.0	1,227.0

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APPENDIX F

SUMMARY OF THE REFINANCED OBLIGATIONS

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APPENDIX F

SUMMARY OF THE REFINANCED OBLIGATIONS

REFUNDED GO BONDS

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Redemption Date	Call Price	CUSIP Number†
Series 2009C							
	2036	6.207%	\$ 35,635,000.00	\$ 35,635,000.00	March 6, 2023	Make-Whole [§]	167486HM4
			<u>\$ 35,635,000.00</u>	<u>\$ 35,635,000.00</u>			
			<u>\$ 35,635,000.00</u>	<u>\$ 35,635,000.00</u>			

TENDERED GO BONDS

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
Series 2002B (Neighborhoods Alive 21 Program)							
	2026	5.000%	\$ 95,000.00	\$ 95,000.00	February 2, 2023	102.472	167486UE7
	2027	5.125	120,000.00	120,000.00	February 2, 2023	102.731	167486UF4

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CGS. CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of the issuance of the Series 2023 Bonds, and neither the Corporation nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

§ The purchase price of such bonds shall be calculated at or prior to the redemption date in accordance with the related bond documents.

City of Chicago General Obligation Bond Series	Maturity Date (January 1.)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
	2030	5.500	250,000.00	250,000.00	February 2, 2023	103.522	167486UJ6
	2034	5.500	1,750,000.00	1,750,000.00	February 2, 2023	103.458	167486UN7
	2037	5.500	<u>8,860,000.00</u>	<u>8,860,000.00</u>	February 2, 2023	102.964	167486UP2
			<u>\$ 11,985,000.00</u>	<u>\$ 11,985,000.00</u>			
Series 2003B							
	2026	5.000%	\$ 50,000.00	\$ 50,000.00	February 2, 2023	102.472	167486VA4
	2027	5.125	100,000.00	100,000.00	February 2, 2023	102.731	167486VB2
	2030	5.500	250,000.00	250,000.00	February 2, 2023	103.522	167486VE6
	2032	5.500	130,000.00	130,000.00	February 2, 2023	103.528	167486VG1
	2033	5.500	<u>920,000.00</u>	<u>920,000.00</u>	February 2, 2023	103.450	167486VH9
			<u>\$ 1,450,000.00</u>	<u>\$ 1,450,000.00</u>			
Series 2005D							
	2034	5.500%	\$ 3,510,000.00	\$ 3,510,000.00	February 2, 2023	103.458	167486VL0
	2037	5.500	870,000.00	870,000.00	February 2, 2023	102.964	167486VM8
	2040	5.500	<u>6,780,000.00</u>	<u>6,780,000.00</u>	February 2, 2023	102.483	167486VN6
			<u>\$ 11,160,000.00</u>	<u>\$ 11,160,000.00</u>			
Series 2007E							
	2034	5.500%	\$ 7,500,000.00	\$ 7,500,000.00	February 2, 2023	103.526	167486VP1
	2037	5.500	<u>3,965,000.00</u>	<u>3,965,000.00</u>	February 2, 2023	103.511	167486VQ9
			<u>\$ 11,465,000.00</u>	<u>\$ 11,465,000.00</u>			

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
Series 2007F							
	2034	5.500	\$ 3,000,000.00	\$ 3,000,000.00	February 2, 2023	103.526	167486VR7
	2037	5.500	<u>2,035,000.00</u>	<u>2,035,000.00</u>	February 2, 2023	103.511	167486VS5
			<u>\$ 5,035,000.00</u>	<u>\$ 5,035,000.00</u>			
Series 2008C							
	2029	0.000%	\$ 1,830,976.00	\$ 4,018,672.00	February 2, 2023	113.397	167486DN6
	2030	0.000	3,152,307.45	6,994,612.95	February 2, 2023	115.684	167486DP1
	2032	0.000	<u>824,222.25</u>	<u>1,853,902.35</u>	February 2, 2023	120.358	167486DR7
			<u>\$ 5,807,505.70</u>	<u>\$ 12,867,187.30</u>			
Series 2009C							
	2036	6.207%	<u>\$ 7,250,000.00</u>	<u>\$ 7,250,000.00</u>	February 2, 2023	101.869	167486HM4
			<u>\$ 7,250,000.00</u>	<u>\$ 7,250,000.00</u>			
Series 2010C-1							
	2035	7.781%	<u>\$108,580,000.00</u>	<u>\$108,580,000.00</u>	February 2, 2023	114.323	167486MM8
			<u>\$108,580,000.00</u>	<u>\$108,580,000.00</u>			

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
Series 2011B							
	2042	6.034%	<u>\$ 7,495,000.00</u>	<u>\$ 7,495,000.00</u>	February 2, 2023	96.737	167486NN5
			<u>\$ 7,495,000.00</u>	<u>\$ 7,495,000.00</u>			
Series 2012B							
	2042	5.432%	<u>\$ 17,100,000.00</u>	<u>\$ 17,100,000.00</u>	February 2, 2023	90.467	167486PG8
			<u>\$ 17,100,000.00</u>	<u>\$ 17,100,000.00</u>			
Series 2014A							
	2026	5.000%	\$ 165,000.00	\$ 165,000.00	February 2, 2023	101.575	167486SN0
	2027	5.000	2,020,000.00	2,020,000.00	February 2, 2023	101.597	167486SP5
	2028	5.250	270,000.00	270,000.00	February 2, 2023	101.859	167486SW0
	2029	5.250	3,860,000.00	3,860,000.00	February 2, 2023	101.884	167486SQ3
	2030	5.000	1,190,000.00	1,190,000.00	February 2, 2023	101.665	167486SR1
	2030	5.250	3,340,000.00	3,340,000.00	February 2, 2023	101.905	167486SZ3
	2032	5.250	790,000.00	790,000.00	February 2, 2023	101.938	167486SS9
	2033	5.250	10,500,000.00	10,500,000.00	February 2, 2023	101.953	167486ST7
	2034	5.000	530,000.00	530,000.00	February 2, 2023	101.856	167486SU4
	2035	5.000	9,005,000.00	9,005,000.00	February 2, 2023	101.599	167486SV2
	2036	5.000	<u>19,430,000.00</u>	<u>19,430,000.00</u>	February 2, 2023	101.475	167486SX8
			<u>\$ 51,100,000.00</u>	<u>\$ 51,100,000.00</u>			

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
Series 2014B							
	2044	6.314%	<u>\$ 32,835,000.00</u>	<u>\$ 32,835,000.00</u>	February 2, 2023	99.652	167486SD2
			<u>\$ 32,835,000.00</u>	<u>\$ 32,835,000.00</u>			
Series 2015A							
	2026	5.000%	\$ 3,055,000.00	\$ 3,055,000.00	February 2, 2023	102.472	167486WJ4
	2027	5.250	7,280,000.00	7,280,000.00	February 2, 2023	102.969	167486WK1
	2028	5.250	8,975,000.00	8,975,000.00	February 2, 2023	102.991	167486WL9
	2029	5.375	28,000,000.00	28,000,000.00	February 2, 2023	103.253	167486WM7
	2033	5.500	11,710,000.00	11,710,000.00	February 2, 2023	103.450	167486WN5
	2034	5.500	10,170,000.00	10,170,000.00	February 2, 2023	103.458	167486WP0
	2035	5.500	10,000.00	10,000.00	February 2, 2023	103.526	167486WQ8
	2037	5.500	<u>4,550,000.00</u>	<u>4,550,000.00</u>	February 2, 2023	102.546	167486WR6
			<u>\$ 73,750,000.00</u>	<u>\$ 73,750,000.00</u>			
Series 2015B							
	2033	7.375%	\$ 76,345,000.00	\$ 76,345,000.00	February 2, 2023	111.063	167486VV8
	2042	7.750	<u>43,674,000.00</u>	<u>43,674,000.00</u>	February 2, 2023	103.975	167486D22
			<u>\$120,019,000.00</u>	<u>\$120,019,000.00</u>			

City of Chicago General Obligation Bond Series	Maturity Date (January 1,)	Interest Rate	Par Amount	Value at Redemption	Call Date	Call Price	CUSIP Number†
Series 2017B							
	2029	7.045%	<u>\$ 45,515,000.00</u>	<u>\$ 45,515,000.00</u>	February 2, 2023	105.173	167486M97
			<u>\$ 45,515,000.00</u>	<u>\$ 45,515,000.00</u>			
			<u>\$510,546,505.70</u>	<u>\$517,606,187.30</u>			

APPENDIX G

**SALES TAX SECURITIZATION CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Sales Tax Securitization Corporation

(A Component Unit of the City of Chicago, Illinois)

Basic Financial Statements as of and for the
Year Ended December 31, 2021, and
Independent Auditor's Report

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Sales Tax Securitization Corporation
City of Chicago, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Sales Tax Securitization Corporation (the "Corporation"), a component unit of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Corporation, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

July 28, 2022

SALES TAX SECURITIZATION CORPORATION

(A Component Unit of the City of Chicago, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousands, except as otherwise noted)

The following is a narrative overview and analysis of the financial activities of the Sales Tax Securitization Corporation (the "STSC" or the "Corporation") as of and for the year ended December 31, 2021. It should be read in conjunction with the STSC's government-wide financial statements, governmental funds financial statements and the notes to the basic financial statements. This report is made up of three sections: (1) management's discussion and analysis (this section); (2) basic financial statements; and (3) the statistical section. The basic financial statements consist of three parts: (1) the government-wide financial statements; (2) the governmental funds financial statements; and (3) the notes to the basic financial statements.

The government-wide financial statements, which include the statement of net position and the statement of activities, are presented to display information about the Corporation as a whole, in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). This is to provide the reader with a broad overview of the STSC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The STSC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which are recognized when due.

The reconciliations of the governmental funds balance sheet to the statement of net position and the reconciliations of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

Financial Highlights and Overall Analysis—Government-Wide Financial Statements

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic in the face of the global spread of the virus. The COVID-19 pandemic dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. Financial markets in the U.S. and globally, have seen significant declines and volatility attributed to concerns over COVID-19. While the pandemic continued to have an impact on the STSC, the distribution of COVID-19 vaccines and lifting of local restrictions resulted in an improvement to Sales Tax Revenues during 2021.

In December 2021, the STSC sold the Second Lien Sales Tax Securitization Bonds Series 2021A (the "Series 2021A Bonds") and Taxable Series 2021B (the "Series 2021B Bonds" and together with the 2021A Bonds, the "Series 2021 Bonds"). The Series 2021A Bonds in the principal amount of \$394.2M were sold at a premium (\$102.6M), while the Series 2021B Bonds in the principal amount of \$609.9M were sold at par. The

Series 2021A Bonds have an interest rate of 5.0 percent and maturity dates from January 1, 2024 and January 1, 2034; the Series 2021B Bonds have interest rates ranging from .79% to 3.338% and maturity dates from January 1, 2023 to January 1, 2048. The net proceeds of \$1,100.8 million were transferred to the City in exchange for a pledge of the City's Sales Tax Revenues and used by the City to refund certain outstanding general obligation bonds of the City, refund certain bonds issued by STSC, refund certain motor fuel tax bonds of the City, repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act (TIFIA), repurchase and cancel certain outstanding general obligation bonds and/or motor fuel tax revenue bonds of the City by means of a tender offer, fund capitalized interest on the Series 2021 Bonds, and pay costs of issuance of the Series 2021 Bonds.

The following summarizes the activities of the STSC for the year ended December 31, 2021 and for the year ended December 31, 2020:

	2021	2020
Revenues:		
Sales tax revenue	\$ 801,688	\$ 611,268
Investment income	517	902
Other revenue	-	85
	<u>802,205</u>	<u>612,255</u>
Total revenues		
Expenses:		
Payment to the City of Chicago	640,589	475,658
Amortization of deferred outflows	168,719	164,055
Interest and other fiscal charges	133,650	144,558
Other	184	205
	<u>943,142</u>	<u>784,476</u>
Total expenses		
Change in net position (deficit)	(140,937)	(172,221)
Net position—beginning of period	<u>(310,798)</u>	<u>(138,577)</u>
Net position—end of period	<u>\$ (451,735)</u>	<u>\$ (310,798)</u>

The STSC's revenues increased by 31.0% in fiscal year 2021 primarily as a result of the economic recovery from the COVID-19 pandemic. Expenses were primarily comprised of payments of residual Sales Tax Revenues to the City, amortization of deferred outflows and interest and other fiscal charges. Expenses increased for fiscal year 2021 primarily as a result of increased revenues resulting in increased payments to the City of Chicago.

The following summarizes the STSC’s assets, liabilities, and net position as of December 31, 2021 and 2020:

	2021	2020
Assets—		
Non-capital	<u>\$ 339,924</u>	<u>\$ 290,100</u>
Total assets	339,924	290,099
Deferred outflows	<u>4,297,617</u>	<u>3,456,986</u>
Total assets and deferred outflows	<u>4,637,541</u>	<u>3,747,085</u>
Liabilities—		
Current liabilities	195,266	189,273
Long-term liabilities	<u>4,894,010</u>	<u>3,868,610</u>
Total liabilities	<u>5,089,276</u>	<u>4,057,883</u>
Net position—		
Unrestricted	<u>(451,735)</u>	<u>(310,798)</u>
Total net position (deficit)	<u>\$ (451,735)</u>	<u>\$ (310,798)</u>

As of December 31, 2021, the STSC’s assets and deferred outflows consisted primarily of Sales Tax Receivable from the State, restricted cash, and deferred outflows. Assets increased by \$49.8 million (17.2%) due primarily to an increase in sales tax receivable.

The deferred outflows of resources represent the unamortized portion of bond proceeds sold by the City to the Corporation in exchange for the Sales Tax Revenue. The deferred outflows will be amortized over the life of the bonds. The deferred outflows increased by \$840.6 million (24.3%) which was due primarily to the net bond proceeds of \$1,100.8 million during 2021 which has been netted with the current year amortization of \$168.7 million.

The STSC’s liabilities are almost entirely composed of residual Sales Tax Revenues Payable to the City, bonds payable, and unamortized original issue premium. Liabilities increased by \$1,031.4 million (25.4%) primarily due to the gross bond proceeds of \$1,106.6 million during 2021 net of the current period amortization of the bond premium of \$33.5 million. The remaining amount of \$41.7 million primarily represents an increase in Sales Tax Revenues Payable to the City, offset by long-term debt refunded by the Series 2021B Bonds.

Financial Highlights and Overall Analysis—Governmental Funds Financial Statements

The STSC reports governmental activity using two funds: (1) a general fund (“GF”) and (2) a debt service fund (“DSF”).

The following summarizes the changes in the GF fund balances for the years ended December 31, 2021 and 2020:

	2021	2020
General Fund		
Revenues:		
Sales tax revenue	<u>\$ 592,053</u>	<u>\$ 475,861</u>
Total revenues	<u>592,053</u>	<u>475,861</u>
Expenditures:		
General and administrative	184	205
Payments to City	<u>640,589</u>	<u>475,658</u>
Total expenditures	<u>640,773</u>	<u>475,863</u>
Other Financing Sources (Uses):		
Transfers in	<u>48,722</u>	<u>-</u>
Total other financing sources (uses)	<u>48,722</u>	<u>-</u>
Net change in fund balances	2	(2)
Fund balances—beginning of period	<u>241</u>	<u>243</u>
Fund balances—end of period	<u><u>\$ 243</u></u>	<u><u>\$ 241</u></u>

GF revenues were entirely composed of Sales Tax Revenues. Amounts not withheld for operations are returned to the City (“Payments to City”). GF revenues in 2021 were higher than 2020 due primarily to the economic recovery from the COVID-19 pandemic, offset by an increase in debt service withheld for principal retirement. The amounts withheld for principal retirement (\$48.7 million), were subsequently released to the City as residual Sales Tax Revenues following the issuance of the Series 2021B Bonds which refunded STSC principal due January 1, 2022.

The following summarizes the changes in the fund balances of the STSC's DSF for the years ended December 31, 2021 and 2020:

	2021	2020
Revenues:		
Sales tax revenue	\$ 209,635	\$ 135,407
Investment income	517	901
Interest and other fiscal charges	<u>-</u>	<u>85</u>
Total revenues	<u>210,152</u>	<u>136,393</u>
Expenditures:		
Principal retirement	-	3,150
Interest and other fiscal charges	164,248	165,193
Amortization of deferred outflows	<u>168,719</u>	<u>164,055</u>
Total expenditures	<u>332,967</u>	<u>332,398</u>
Other financing sources (uses):		
Bond proceeds	1,004,020	1,016,915
Premium on bonds	102,603	113,387
Payment to refunded bond escrow agent	(48,722)	-
Transfers out	<u>(48,722)</u>	<u>-</u>
Total other financing sources	<u>1,009,179</u>	<u>1,130,302</u>
Net change in fund balances	886,364	934,297
Fund balances—beginning of year	<u>3,556,082</u>	<u>2,621,785</u>
Fund balances—end of year	<u>\$ 4,442,446</u>	<u>\$ 3,556,082</u>

DSF revenues were almost entirely composed of Sales Tax Revenues. Revenues in the DSF increased due to increased withholding requirements to pay debt service requirements. Expenditures were composed of interest and other fiscal charges and amortization of the deferred outflows related to the issuance of bonds.

The following summarizes the GF assets, liabilities and fund balances as of December 31, 2021 and 2020:

	2021	2020
Assets:		
Cash equivalents and investments	\$ 66	\$ 48
Sales tax receivable	<u>117,197</u>	<u>107,597</u>
Total assets	<u>117,263</u>	<u>107,645</u>
Liabilities:		
Accounts payable	<u>117,020</u>	<u>107,404</u>
Total liabilities	<u>117,020</u>	<u>107,404</u>
Fund balances:		
Unassigned	<u>243</u>	<u>241</u>
Total fund balances	<u>243</u>	<u>241</u>
Total liabilities and fund balances	<u><u>\$ 117,263</u></u>	<u><u>\$ 107,645</u></u>

GF assets were composed primarily of Sales Tax Receivables from the State of Illinois. The GF assets at December 31, 2021 totaled approximately \$117.3 million which is an increase of \$9.6 million (8.9%) as compared to December 31, 2020. The increase in GF assets was primarily caused by an increase of approximately \$44.3 million in Sales Tax Receivables being allocated to the DSF to fund debt service and an increase of approximately \$53.9 million in sales tax revenues accrued during October through December which are received from the State in January through March. Liabilities were composed primarily of residual Sales Tax Revenues not needed for operations or debt service and payable to the City. Liabilities increased by \$9.6 million (9.0%) caused by an increase in Sales Tax receivables, offset by an increase in Sales Tax Receivables being allocated to the DSF to fund debt service.

The following summarizes the STSC's DSF assets, deferred outflows, liabilities, and fund balances as of December 31, 2021 and 2020:

	2021	2020
Assets:		
Restricted cash	\$ 117,059	\$ 121,067
Sales tax receivable and other assets	104,088	59,800
Accounts receivable	<u>97</u>	<u>98</u>
Total assets	221,244	180,965
Deferred outflows	<u>4,299,448</u>	<u>3,456,986</u>
Total assets and deferred outflows	<u><u>\$ 4,520,692</u></u>	<u><u>\$ 3,637,951</u></u>
Liabilities:		
Accounts payable	\$ 642	\$ -
Bonds payable	-	3,150
Accrued interest	<u>77,604</u>	<u>78,719</u>
Total liabilities	<u>78,246</u>	<u>81,869</u>
Fund balances:		
Nonspendable	4,299,448	3,456,986
Restricted for debt service	<u>142,998</u>	<u>99,096</u>
Total fund balances	<u>4,442,446</u>	<u>3,556,082</u>
Total liabilities and fund balances	<u><u>\$ 4,520,692</u></u>	<u><u>\$ 3,637,951</u></u>

At December 31, 2021, the STSC's DSF assets consisted of cash equivalents restricted for payment of cost of issuance related to the Series 2021 Bonds and Sales Tax Revenues receivable restricted for debt service payments. The Sales Tax Receivable restricted for debt service reflects the amounts required to be withheld in January through March of 2022 to pay bond interest due on July 1, 2022. DSF assets increased by \$40.3 million (22.3%) due to an increase in Sales Tax Receivable due to increased withholding for debt service requirements. The deferred outflows of resources represent the unamortized portion of bond proceeds sold by the City to the Corporation in exchange for the Sales Tax Revenues. The deferred outflows will be amortized over the life of the bonds. The deferred outflows increased by \$842.5 million (24.4%) which was due primarily to the net bond proceeds of \$1,100.8 million during 2021 which has been netted with the current year amortization of \$168.7 million.

At December 31, 2021, the STSC had credit ratings for its Sales Tax Securitization Bonds with three of the major rating agencies as follows:

	Fitch	Kroll	Standard & Poor's
Senior Lien	AA-	AAA	AA-
Second Lien	AA-	AA+	AA-

In October 2021, Fitch Ratings revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

In November 2021, Standard & Poor's revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

This financial report is designed to provide a general overview of the STSC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Sales Tax Securitization Corporation, 55 E Monroe Street, Suite 3800, Chicago, Illinois 60603.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021
(Amounts in thousands)

	Governmental Activities
ASSETS:	
Unrestricted cash	\$ 66
Restricted cash	117,059
Sales tax receivable	221,285
Accounts receivable	97
Other asset	<u>1,417</u>
Total assets	339,924
DEFERRED OUTFLOWS	<u>4,297,617</u>
Total assets and deferred outflows	<u>4,637,541</u>
LIABILITIES:	
Accounts payable	651
Sales tax residual payable to the City	117,011
Accrued interest	77,604
Bonds payable—portion due after one year	<u>4,894,010</u>
Total liabilities	<u>5,089,276</u>
NET DEFICIT—Unrestricted	<u>(451,735)</u>
TOTAL NET DEFICIT	<u>\$ (451,735)</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousands)

	Governmental Activities
REVENUES:	
Sales tax revenue	\$ 801,688
Investment income	<u>517</u>
Total revenues	<u>802,205</u>
EXPENSES:	
Payment to City	640,589
Amortization of deferred outflow	168,719
Interest and other fiscal charges	133,650
General and administrative	<u>184</u>
Total expenses	<u>943,142</u>
CHANGE IN NET DEFICIT	(140,937)
NET DEFICIT—Beginning of period	<u>(310,798)</u>
NET DEFICIT—End of period	<u>\$ (451,735)</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

GOVERNMENTAL FUNDS BALANCE SHEET
AS OF DECEMBER 31, 2021
(Amounts in thousands)

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
UNRESTRICTED CASH EQUIVALENTS	\$ 66	\$ -	\$ 66
RESTRICTED CASH EQUIVALENTS	-	117,059	117,059
SALES TAX RECEIVABLE	117,197	104,088	221,285
ACCOUNTS RECEIVABLE	-	97	97
Total assets	117,263	221,244	338,507
DEFERRED OUTFLOWS	-	4,299,448	4,299,448
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 117,263</u>	<u>\$ 4,520,692</u>	<u>\$ 4,637,955</u>
LIABILITIES			
ACCOUNTS PAYABLE	\$ 9	\$ 642	\$ 651
SALES TAX RESIDUAL PAYABLE TO CITY	117,011	-	117,011
ACCRUED INTEREST	-	77,604	77,604
Total liabilities	<u>117,020</u>	<u>78,246</u>	<u>195,266</u>
FUND BALANCES:			
Nonspendable	-	4,299,448	4,299,448
Restricted for debt service	-	142,998	142,998
Unassigned	243	-	243
Total fund balances	<u>243</u>	<u>4,442,446</u>	<u>4,442,689</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 117,263</u>	<u>\$ 4,520,692</u>	<u>\$ 4,637,955</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021
(Amounts in thousands)**

TOTAL FUND BALANCES—Governmental funds \$ 4,442,689

AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION ARE
DIFFERENT BECAUSE:

Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statement of net position, bond premiums are reported as a component of bonds payable and amortized over the life of the bonds. (285,045)

Costs for bond insurance are reported as expenditures in governmental funds financial statements. However, in the statement of net position (deficit), those costs are reported as other assets and amortized over the life of the bonds. 1,417

Some liabilities are not due and payable from currently available financial resources at year end and are therefore not reported in the governmental fund financial statements, but are reported in the statement of net position. Those liabilities consist of bonds payable due after one year and unamortized bond refundings. (4,610,796)

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (451,735)

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousands)**

	General Fund	Debt Service Fund	Total Governmental Fund
REVENUES:			
Sales tax revenue	\$ 592,053	\$ 209,635	\$ 801,688
Investment income	<u>-</u>	<u>517</u>	<u>517</u>
Total revenues	<u>592,053</u>	<u>210,152</u>	<u>802,205</u>
EXPENDITURES:			
Principal retirement	-	-	-
Interest and other fiscal charges	-	164,248	164,248
General and administrative	184	-	184
Payments to City	640,589	-	640,589
Amortization of deferred outflow	<u>-</u>	<u>168,719</u>	<u>168,719</u>
Total expenditures	<u>640,773</u>	<u>332,967</u>	<u>973,740</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	1,004,020	1,004,020
Premium on bonds	-	102,603	102,603
Payment to refunded bond escrow agent	-	(48,722)	(48,722)
Transfers in	48,722	-	48,722
Transfers out	<u>-</u>	<u>(48,722)</u>	<u>(48,722)</u>
Total other financing sources (uses)	<u>48,722</u>	<u>1,009,179</u>	<u>1,057,901</u>
NET CHANGE IN FUND BALANCE	2	886,364	886,366
FUND BALANCE—Beginning of period	<u>241</u>	<u>3,556,082</u>	<u>3,556,323</u>
FUND BALANCE—End of period	<u>\$ 243</u>	<u>\$ 4,442,446</u>	<u>\$ 4,442,689</u>

See accompanying notes to the basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousands)**

NET CHANGE IN FUND BALANCES—Total governmental funds	\$ 886,366
AMOUNTS REPORTED IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
Bond proceeds less principal retirement provide current financial resources to governmental funds, but bonds issued increase long-term liabilities in the statement of net position.	(1,004,020)
Costs for bond insurance are reported as expenditures in governmental funds financial statements. However, in the statement of net position (deficit), those costs are reported as other assets and amortized over the life of the bonds.	(72)
Governmental funds report bond premiums as other financing sources. However, in the statement of activities, premiums are amortized over the life of the debt.	(69,065)
Governmental funds report payment to refunded bond escrow agent as other financing uses. However, in the statement of activities, the costs of bond refundings are amortized over the shorter of the life of the bonds refunded or the life of the bonds issued to refund the bonds.	<u>45,854</u>
CHANGE IN NET POSITION (DEFICIT)—Governmental activities	<u>\$ (140,937)</u>

See accompanying notes to the basic financial statements.

SALES TAX SECURITIZATION CORPORATION

(A Component Unit of the City of Chicago, Illinois)

NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousands, except as noted)

1. ORGANIZATION

The Corporation is a special purpose, not-for-profit corporation incorporated under the provisions of the General Not For Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105), as amended, and organized in accordance with an ordinance adopted by the City Council (the "City Council") of the City of Chicago (the "City") on October 11, 2017. The Corporation was organized for the limited purpose of purchasing the Sales Tax Revenue from the City and issuing bonds, notes, or other obligations for the benefit of the City. The Corporation is a non-stock corporation, has no members, and is governed by a board of directors (the "Board").

The Corporation has no employees. The Corporation and the City have entered into a services agreement pursuant to which the City provides administrative and support services to the Corporation. The STSC provides benefits exclusively to the City, and as a result, is presented as a blended component unit of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements—The government-wide financial statements of STSC, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with GAAP as prescribed by the GASB. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The STSC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which is recognized when due.

The STSC uses two governmental funds for reporting its activities: a debt service fund ("DSF"), and a general fund ("GF"). The DSF is used to account for the accumulation of resources for payment of principal and interest on debt and the GF is used to account for all financial resources and activities not accounted for in the DSF, which are STSC's administrative and operating expenditures. Revenues are recognized within the DSF for payment of principal and interest on debt due in the following fiscal year and the residual is then recognized within the GF.

Fund balances of the governmental funds are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned. Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained for debt service or redemption in accordance with STSC's Master Trust Indenture, dated December 1, 2017, as supplemented (the "Indenture") are classified as restricted on the statement of net position and the governmental funds balance sheet.

The Board constitutes the STSC's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose; unless and until a subsequent resolution altering the commitment is adopted by the Board.

Fund balances which are constrained for use for a specific purpose based on the direction of any officer of the STSC who is duly authorized under the Indenture to direct the movement of such funds are accounted for and reported as assigned for such purpose unless and until a subsequent authorized action by the same, or another duly authorized officer, or by the Board, is taken which removes or changes the assignment. Resources that are not constrained are reported as unassigned in the governmental funds balance sheets and unrestricted in the statement of net position.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the STSC's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is the STSC's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

The nonspendable portion represents a deferred outflow from the acquisition of sales tax revenues that will be amortized into expenditures over the life of the related bonds.

Long-Term Obligations—Bond premiums are capitalized and amortized over the life of the related debt using the effective interest method in the government-wide financial statements. The amounts of unamortized bond premium at December 31, 2021, were \$285.0 million, which were net of accumulated amortization of \$74.9 million.

Bond issuance costs are recognized as an expense/expenditure in the period incurred on both government-wide and governmental funds financial statements.

The governmental funds financial statements recognize bond premiums and discounts during the period of the related bond issuance. The face amount of debt issued is reported as another financing source, as is the premium on debt issued. Principal payments are reported as expenditures in the period made.

Interest expense is recognized as it is incurred on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when due in the governmental funds' financial statements.

Debt—Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as financed purchase of the underlying asset, or accounts payable.

Sale Agreement—Pursuant to a sale agreement authorized by Division 13 of Article 8 of the Illinois Municipal Code, in 2017 the STSC entered into an Assignment, Purchase and Sale Agreement (“Sale Agreement”) with the City under which the City sold to the STSC its right, title and interest in and to certain sales tax revenues collected by the State of Illinois (the “Sales Tax Revenues”). The Sales Tax Revenues consist of (a) revenues resulting from collection of three separate taxes (collectively, the “Home Rule Sales Tax Revenues”) imposed by the City pursuant to its home rule powers and authority granted by State of Illinois statute; and (b) revenues resulting from the collection of four separate taxes (collectively, the “Local Share Sales Tax Revenues”) imposed by the State of Illinois. In exchange for selling its right, title and interest in the Sales Tax Revenues, the City received a residual certificate which represents the City’s ownership interest in excess Sales Tax Revenues to be received by the STSC to pay debt service requirements of any outstanding obligations and administrative costs during the term of the Sale Agreement. The Sale Agreement is effective until there are no secured obligations outstanding for the STSC.

Deferred Outflow—Represents bond proceeds paid to the City for the right, title and interest in the Sales Tax Revenues. The deferred outflow is amortized on a straight-line basis over the life of the related bond issuance.

Use of Estimates—The preparation of the basic financial statements in accordance with GAAP requires the STSC’s management to make estimates and assumptions in determining the reported amounts of assets, liabilities, and deferred outflows of resources as of the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

3. BONDS PAYABLE

In connection with the City’s sale of the Sales Tax Revenue to the STSC, the STSC sold the Series 2021 Bonds in December 2021. The Series 2021A bonds in the principal amount of \$394.2M were sold at a premium (\$102.6M), while the Series 2021B Bonds in the principal amount of \$609.9M were sold at par. The Series 2021A Bonds have an interest rate of 5.0 percent and maturity dates from January 1, 2024 to January 1, 2034; the Series 2021B Bonds have interest rates ranging from 0.790% to 3.338% and maturity dates from January 1, 2023 to January 1, 2048. The net proceeds of \$1,100.8 million were transferred to the City in exchange for a pledge of the City’s Sales Tax Revenues and used by the City to refund certain outstanding general obligation bonds of the City, refund certain bonds issued by STSC, refund certain motor fuel tax bonds of the City, repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act (TIFIA), repurchase and cancel certain outstanding general obligation bonds and/or motor fuel tax revenue bonds of the City by means of a tender offer, fund capitalized interest on the Series 2021 Bonds, and pay costs of issuance of the Series 2021 Bonds. The refunding of the bonds decreased the City and STSC’s total debt service payments by \$91.3 million, resulting in a net economic gain of approximately \$134.9 million and a book loss of approximately \$120.5 million. In connection with the Series 2021 Bonds, the principal and interest due on January 1, 2022 for Series 2017A, Series 2017C, Series 2018C, and Series 2019A Bonds was refunded by the 2021B Bonds. By virtue of that refunding, the amounts withheld during the year ended December 31, 2021 were no longer needed to make the payments on January 1, 2022. Those withholdings no longer being necessary were released for payment to the City, as holder of the Residual Certificate. The withholdings were in the Debt Service Fund but were transferred to the General Fund because all residual payments to the City are treated as expenditures from the General Fund.

A summary of changes in outstanding bonds during the year ended December 31, 2021, is as follows (figures in thousands of dollars):

	Year Ended December 31, 2021			
	Balance December 31, 2020	Additions	Reductions	
Series 2017A	\$ 169,065	\$ -	\$ 18,195	\$ 150,870
Series 2017B	400,630	-	-	400,630
Series 2017C	171,040	-	12,000	159,040
Series 2018A	376,305	-	-	376,305
Series 2018B	303,975	-	-	303,975
Series 2018C	612,420	-	14,760	597,660
Series 2019A	605,430	-	5,880	599,550
Series 2020A	521,105	-	-	521,105
Series 2020B	495,810	-	-	495,810
Series 2021A	-	394,155	-	394,155
Series 2021B	-	609,865	-	609,865
	<hr/>	<hr/>	<hr/>	<hr/>
Total before premium	3,655,780	1,004,020	50,835	4,608,965
Premium	<hr/>	<hr/>	<hr/>	<hr/>
	215,980	102,603	33,538	285,045
	<hr/>	<hr/>	<hr/>	<hr/>
Total bonds payable and premium	<u>\$ 3,871,760</u>	<u>\$ 1,106,623</u>	<u>\$ 84,373</u>	<u>\$ 4,894,010</u>
Due within one year				<u>\$ -</u>

The amount due within one year is presented as an expense within the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and as current portion of bonds payable on the Governmental Funds Balance Sheet. The amounts due on January 1, 2022 were refunded as part of the issuance of the Series 2021B Bonds. The total bonds payable of \$4,894.0 million in the table above includes the current portion of \$0 and long-term portion of \$4,894.0 million of bonds payable and agrees to the Statement of Net Position.

Debt service requirements listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2022 have been excluded because

funds for their payment have been provided for. Debt service requirements, including principal and interest, at December 31, 2021, are as follows:

Year Ended December 31	Principal	Interest	Total
2022	\$ 149,165	\$ 193,878	\$ 343,043
2023	131,235	189,549	320,784
2024	143,580	184,874	328,454
2025	137,010	178,840	315,850
2026	167,645	172,385	340,030
2027–2031	866,360	743,149	1,609,509
2032–2036	950,715	545,408	1,496,123
2037–2041	1,075,500	340,956	1,416,456
2042–2046	813,450	143,045	956,495
2047	<u>174,305</u>	<u>7,717</u>	<u>182,022</u>
Total	<u>\$ 4,608,965</u>	<u>\$ 2,699,801</u>	<u>\$ 7,308,766</u>

4. SUBSEQUENT EVENTS

The Corporation has evaluated events occurring subsequent to December 31, 2021, and through July 28, 2022, the date the financial statements were available to be issued. The Corporation did not identify any subsequent events to be disclosed.

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STATISTICAL SECTION

TABLE 1**Annual Sales Tax Revenues**

The following table shows the historical annual Sales Tax Revenues on a cash basis from 2012 through 2021.

Annual Sales Tax Revenues 2012–2021
(Dollars in thousands)

Years Ended December 31	Home Rule Sales Tax Revenues⁽¹⁾	Change Over Prior Year	Local Share Sales Tax Revenues	Change Over Prior Year	Total Sales Tax Revenues	Change Over Prior Year
2012	\$ 251,055	6.4 %	\$ 295,912	5.2 %	\$ 546,967	5.8 %
2013	263,984	5.1	312,378	5.6	576,361	5.4
2014	276,192	4.6	327,379	4.8	603,571	4.7
2015	292,512	5.9	352,841	7.8	645,353	6.9
2016	295,299	1.0	363,448	3.0	658,746	2.1
2017	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)
2021	312,360	24.4	435,439	12.3	747,799	17.1

Source: City of Chicago

⁽¹⁾ Shown net of all past fees and will be net of all applicable fees going forward.

TABLE 2**Monthly Home Rule Sales Tax Revenues**

The following table shows the historical monthly Home Rule Sales Tax Revenues on a cash basis from 2018 through 2021.

Monthly Home Rule Sales Tax Revenues 2018–2021
(Dollars in thousands)

Month	2018	2019	2020	2021
January	\$ 24,723	\$ 26,520	\$ 27,689	\$ 20,313
February	23,926	24,795	25,246	18,108
March	27,585	28,139	29,071	22,204
April	20,774	19,720	21,463	19,000
May	20,721	20,592	19,908	18,841
June	25,433	25,751	17,108	29,178
July	23,918	25,011	12,937	27,630
August	26,888	27,206	15,970	29,751
September	27,942	28,124	18,623	32,572
October	25,902	26,972	21,286	31,614
November	27,205	27,536	20,542	31,196
December	<u>26,257</u>	<u>26,690</u>	<u>21,258</u>	<u>31,953</u>
	<u>\$ 301,275</u>	<u>\$ 307,056</u>	<u>\$ 251,101</u>	<u>\$ 312,360</u>

Source: City of Chicago

TABLE 3**Monthly Local Share Sales Tax Revenues**

The following table shows the historical monthly Local Share Sales Tax Revenues on a cash basis from 2018 through 2021.

Monthly Local Share Sales Tax Revenues 2018–2021
(Dollars in thousands)

Month	2018	2019	2020	2021
January	\$ 31,621	\$ 34,696	\$ 37,308	\$ 33,205
February	31,625	33,781	34,313	32,247
March	37,515	38,976	41,229	41,320
April	27,757	27,484	31,192	28,722
May	27,258	28,806	28,465	27,627
June	32,625	33,906	29,739	38,295
July	30,141	33,057	26,359	36,340
August	33,356	34,948	28,985	38,128
September	34,564	35,693	31,273	40,735
October	32,705	35,177	33,348	38,818
November	33,351	34,862	32,111	39,379
December	<u>33,634</u>	<u>35,379</u>	<u>33,303</u>	<u>40,623</u>
	<u>\$ 386,152</u>	<u>\$ 406,764</u>	<u>\$ 387,625</u>	<u>\$ 435,439</u>

Source: City of Chicago

TABLE 4**Components of Sales Tax Revenues**

The following table shows on a cash basis the components of the Sales Tax Revenues from January 1, 2018 through December 31, 2021.

Components of Sales Tax Revenues 2018–2021
(Dollars in thousands)

Tax	2018		2019		2020		2021	
	Amount Collected	% of Total						
Home rule sales tax revenues:								
Retailers' and service occupation	\$263,974	38.4 %	\$268,012	37.5 %	\$211,321	33.1 %	\$264,243	35.4 %
Use	37,301	5.4	38,044	5.3	39,780	6.2	48,117	6.4
Local share sales tax revenues:								
Retailers' and service occupation ⁽¹⁾	293,204	42.7	299,963	42.0	256,775	40.2	303,559	0.4
Use ⁽²⁾	<u>92,948</u>	<u>13.5</u>	<u>106,801</u>	<u>15.0</u>	<u>130,850</u>	<u>20.5</u>	<u>131,880</u>	<u>17.6</u>
Total	<u>\$687,427</u>	<u>100.0 %</u>	<u>\$713,820</u>	<u>100.0 %</u>	<u>\$638,726</u>	<u>100.0 %</u>	<u>\$747,799</u>	<u>100.0 %</u>

Source: City of Chicago

⁽¹⁾ Includes Illinois Use Tax on titled personal property.

⁽²⁾ Excludes Illinois Use Tax on titled personal property.

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