

NEW ISSUES—BOOK-ENTRY ONLY



\$511,925,000
CITY OF CHICAGO
GENERAL OBLIGATION BONDS
\$485,625,000 **\$26,300,000**
TAXABLE SERIES 2026A **TAXABLE SERIES 2026B**

DATED: Date of Delivery

RATINGS BBB (negative outlook) S&P
 BBB+ (negative outlook) Fitch
 BBB+ (negative outlook) Kroll

ISSUANCE This Official Statement contains information relating to the City of Chicago's (i) General Obligation Bonds, Taxable Series 2026A (the "Series 2026A Bonds") and (ii) General Obligation Bonds, Taxable Series 2026B (the "Series 2026B Bonds" and, together with the Series 2026A Bonds, the "Series 2026 Bonds" and, each individually a "Series").

Each Series of the Series 2026 Bonds will be issued pursuant to a separate Trust Indenture, dated as of March 1, 2026, between the City of Chicago (the "City") and Zions Bancorporation, National Association, as trustee (the "Trustee"). See **"INTRODUCTION - AUTHORIZATION."**

TAX TREATMENT Interest on the Series 2026 Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Series 2026 Bonds is not exempt from present State of Illinois income taxes. See **"TAX MATTERS."**

SECURITY The Series 2026 Bonds are direct and general obligations of the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The City has pledged its full faith and credit to pay the principal of and interest on the Series 2026 Bonds. Each Series of the Series 2026 Bonds is further secured by and payable from certain other moneys, securities and funds pledged under its applicable Trust Indenture. See **"SECURITY FOR THE SERIES 2026 BONDS."**

REDEMPTION The Series 2026 Bonds are subject to redemption prior to maturity as described herein. See **"DESCRIPTION OF THE SERIES 2026 BONDS."**

PURPOSES The City will use the proceeds from the sale of the Series 2026 Bonds to: (i) pay the cost of capital improvements in and for the City; (ii) finance amounts required for retroactive wage increases for City employees arising from collective bargaining negotiations; (iii) fund (a) judgments entered against the City, (b) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation, and (c) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes, (iv) refinance amounts outstanding under one or more of the City's general obligation line of credit agreements; (v) fund capitalized interest on the Series 2026 Bonds through January 1, 2028; and (vi) pay costs of issuance of the Series 2026 Bonds. See **"PLAN OF FINANCE."**

DENOMINATIONS Multiples of \$5,000.

INTEREST PAYMENT DATES January 1 and July 1, commencing July 1, 2026.

PRINCIPAL PAYMENT DATES January 1 of the years set forth on the inside cover pages.

BOOK-ENTRY ONLY FORM The Series 2026 Bonds will be issuable as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). See **"APPENDIX I - DTC BOOK-ENTRY-ONLY SYSTEM."**

CLOSING/ SETTLEMENT On or about March 25, 2026.

CERTAIN LEGAL MATTERS Legal matters incident to the authorization and issuance of each Series of the Series 2026 Bonds will be addressed by the separate approving legal opinions of Chapman and Cutler LLP and Sanchez Daniels & Hoffman LLP, Co-Bond Counsel ("Co-Bond Counsel"). Certain legal matters will be passed upon for the City by (i) its Corporation Counsel, (ii) in connection with the preparation of this Official Statement, Greenberg Traurig, LLP and Townsend & Lockett, LLC, Co-Disclosure Counsel to the City and (iii) in connection with certain pension matters described in this Official Statement, by Chapman and Cutler LLP, as Special Pension Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP. See **"CERTAIN LEGAL MATTERS."**

BofA SECURITIES

CABRERA CAPITAL MARKETS LLC LOOP CAPITAL MARKETS RAMIREZ & Co., INC. RICE FINANCIAL PRODUCTS COMPANY SIEBERT WILLIAMS SHANK VALDES & MORENO INC.

Dated: March 10, 2026

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

\$485,625,000

CITY OF CHICAGO

GENERAL OBLIGATION BONDS, TAXABLE SERIES 2026A

\$355,145,000 5.879% Term Bond due January 1, 2031
Yield 5.879%; Price 100.000; CUSIP Number[†] 167486 2D0

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number [†]
2032	\$63,325,000	6.226%	6.226%	100.000	167486 2E8
2033	67,155,000	6.326%	6.326%	100.000	167486 2F5

[†] 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. Neither the City, the Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the initial CUSIP numbers nor is any representation made as to their correctness with respect to the Series 2026A Bonds, as included herein or at any time in the future. The initial CUSIP number for a specific series, maturity, interest rate, and call date is subject to being changed after the issuance of the Series 2026A Bonds, as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, 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 Series 2026A Bonds.

\$26,300,000
CITY OF CHICAGO
GENERAL OBLIGATION BONDS, TAXABLE SERIES 2026B

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number [†]
2032	\$26,300,000	6.226%	6.226%	100.000	167486 2G3

[†] CUSIP data herein is provided by CGS. CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Neither the City, the Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the initial CUSIP numbers nor is any representation made as to their correctness with respect to the Series 2026B Bonds, as included herein or at any time in the future. The initial CUSIP number for a specific series, maturity, interest rate, and call date is subject to being changed after the issuance of the Series 2026B Bonds, as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, 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 Series 2026B Bonds.

CITY OF CHICAGO

MAYOR

Brandon Johnson

CITY CLERK

Andrea M. Valencia

CITY TREASURER

Melissa Conyears-Ervin

CITY COUNCIL

COMMITTEE ON FINANCE

Pat Dowell, Chairman

CITY COMPTROLLER

Michael D. Belsky

BUDGET DIRECTOR

Annette Guzman

CORPORATION COUNSEL

Mary B. Richardson-Lowry, Esq.

CO-BOND COUNSEL

Chapman and Cutler LLP

Sanchez, Daniels & Hoffman LLP

CO-DISCLOSURE COUNSEL

Greenberg Traurig, LLP

Townsend & Lockett, LLC

SPECIAL PENSION DISCLOSURE COUNSEL

Chapman and Cutler LLP

CO-FINANCIAL ADVISORS

PFM Financial Advisors LLC

Phoenix Capital Partners, LLC

REGARDING THIS OFFICIAL STATEMENT

Certain information contained or incorporated by reference in this Official Statement has been obtained by the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Series 2026 Bonds pursuant to this Official Statement shall under any circumstances create the implication that there has been no change in the matters referred to in this Official Statement since the date hereof. Prospective purchasers of the Series 2026 Bonds are expected to conduct their own review and analysis before making an investment decision.

No dealer, broker, salesperson, or any other person has been authorized by the City or the Underwriters to give any information or to make any representation other than as contained or incorporated by reference in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. Neither this Official Statement 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 2026 Bonds.

This Official Statement, including the Appendices, contains certain opinions, estimates and forward-looking statements and information, including projections, that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such opinions, estimates, and forward-looking statements set forth in this Official Statement 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 City, were prepared on a reasonable basis, reflect the best currently available estimates and judgments and present, to the best of the City's knowledge and belief, the expected course of action and the expected future financial performance of the City. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on such opinions, statements or prospective financial information. See "FORWARD-LOOKING STATEMENTS."

The prospective financial information set forth in this Official Statement, except for certain information sourced to parties other than the City, is solely the product of the City. Neither the City's independent auditors, nor any other independent auditors, have 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 City's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, 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.

The Series 2026 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. Furthermore, any information obtained from such websites and presented herein or references to such websites not purporting to be quoted in full are qualified in their entirety by reference to the complete contents of the website summarized or described. References to website addresses are current as of the date of

this Official Statement. The City is under no obligation to update any website references or references to information contained therein.

The summaries or descriptions contained herein of provisions of the Bond Ordinances, the Indentures, the Undertaking (each as hereinafter defined) and the Series 2026 Bonds, and all references to other documents and 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 Chief Financial Officer, upon email request to the Chief Financial Officer: investor.relations@cityofchicago.org.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility 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.

THE SERIES 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE INDENTURES OR THE BOND ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

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OFFICIAL STATEMENT

\$511,925,000 CITY OF CHICAGO GENERAL OBLIGATION BONDS

**\$485,625,000
TAXABLE SERIES 2026A**

**\$26,300,000
TAXABLE SERIES 2026B**

INTRODUCTION

This Official Statement, including the cover page, inside cover pages, and the Appendices is furnished by the City of Chicago (the “**City**”) to provide certain information with respect to the City’s (i) General Obligation Bonds, Taxable Series 2026A (the “**Series 2026A Bonds**”) and (ii) General Obligation Bonds, Taxable Series 2026B (the “**Series 2026B Bonds**” and, together with the Series 2026A Bonds, the “**Series 2026 Bonds**” and, each individually a “**Series**”). Capitalized terms used in this Official Statement, unless otherwise defined, are defined in “**APPENDIX A – CERTAIN DEFINITIONS FROM THE INDENTURES.**”

PURPOSES

The City will use the proceeds from the sale of the Series 2026 Bonds to: (i) pay the costs of capital projects in and for the City; (ii) finance amounts required for retroactive wage increases for City employees arising from collective bargaining negotiations; (iii) fund (a) judgments entered against the City, (b) certain settlements or other payments required to be made by the City as a condition to the resolution of litigation or threatened litigation, and (c) such escrow accounts or other reserves as shall be deemed necessary for any of said purposes; (iv) refinance amounts outstanding under one or more of the City’s general obligation line of credit agreements; (v) fund capitalized interest on the Series 2026 Bonds; and (vi) pay costs of issuance of the Series 2026 Bonds. See “**PLAN OF FINANCE - SOURCES AND USES OF FUNDS**” for more information on the expected use of proceeds for each Series of the Series 2026 Bonds.

AUTHORIZATION

The Series 2026 Bonds are being issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970 (the “**Illinois Constitution**”). The Series 2026 Bonds are being issued pursuant to certain ordinances (each a “**Bond Ordinance**” and, collectively, the “**Bond Ordinances**”) adopted by the City Council of the City (the “**City Council**”) as described below. Each Series of the Series 2026 Bonds is also being issued pursuant to the terms of a Trust Indenture, each between the City and Zions Bancorporation, National Association, as trustee (the “**Trustee**”), each dated as of March 1, 2026 (each, individually an “**Indenture**” and, collectively, the “**Indentures**”). The provisions of the Indenture for a Series of the Series 2026 Bonds and the security thereunder apply solely to the Series of the Series 2026 Bonds issued pursuant to such Indenture.

The Series 2026A Bonds are being issued pursuant to a Bond Ordinance adopted by the City Council on December 19, 2025, as well as a separate Indenture for the Series 2026A Bonds.

The Series 2026B Bonds are being issued pursuant to a Bond Ordinance adopted by the City Council on October 27, 2021, as well as a separate Indenture for the Series 2026B Bonds.

See “**APPENDIX A – CERTAIN DEFINITIONS FROM THE INDENTURES**” and “**APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES.**”

SECURITY FOR THE SERIES 2026 BONDS

The Series 2026 Bonds are direct and general obligations of the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levies of taxes to pay the Series 2026 Bonds and the interest thereon without limitation as to rate or amount. The City has pledged its full faith and credit to pay the principal of and interest on the Series 2026 Bonds. The Bond Ordinances provide for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in an amount not less than the amount necessary to pay, as and when due, all principal of and interest on each Series of the Series 2026 Bonds (the “**Bond Property Tax Levies**”), except that the City will not levy the Bond Property Tax Levies to pay the interest due with respect to the Series 2026 Bonds through January 1, 2028 which interest will be paid from the proceeds of the Series 2026 Bonds and interest earnings on such proceeds. Each Series of the Series 2026 Bonds is further secured by and payable from certain other moneys, securities and funds pledged under the applicable Indenture. See “**SECURITY FOR THE SERIES 2026 BONDS.**”

PLAN OF FINANCE

PURPOSES

The Series 2026 Bonds are being issued for the purposes described above under “**INTRODUCTION – PURPOSES.**”

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SOURCES AND USES OF FUNDS

The following table sets forth the expected application of proceeds from the sale of the Series 2026 Bonds.

SOURCES OF FUNDS:	SERIES 2026A BONDS	SERIES 2026B BONDS
Principal Amount	\$485,625,000.00	\$26,300,000.00
TOTAL SOURCES	\$485,625,000.00	\$26,300,000.00
USES OF FUNDS:		
Capital Improvements	\$ -	\$23,358,657.64
Retroactive Wage Increases	166,000,000.00	-
Settlements and Judgments ¹	267,342,155.83	-
Capitalized Interest	49,336,919.98	2,779,054.93
Costs of Issuance, including Underwriters' Discount	2,945,924.19	162,287.43
TOTAL USES	\$485,625,000.00	\$26,300,000.00

¹ A portion of these settlements and judgments were financed on an interim basis by draws on certain line of credit agreements of the City. A portion of the proceeds of the Series 2026A Bonds will be used to pay (a) a portion of the principal amount outstanding and related accrued interest under the City's line of credit agreement with Wells Fargo Bank, National Association, and (b) the principal amount outstanding and related accrued interest under the City's line of credit agreement with Bank of America, N.A.

FUTURE FINANCINGS

Subject to market conditions and other factors, the City currently expects to issue additional general obligation bonds to (i) fund projects related to the City's Capital Improvement Plan, (ii) refinance all or a certain amount outstanding under the City's general obligation line of credit agreement with the Royal Bank of Canada, and (iii) refund for economic savings certain general obligation bonds currently outstanding (including general obligation bonds tendered for purchase) in the second quarter of 2026. Additionally, the City currently expects to issue additional general obligation bonds for affordable housing and community development programs in the third quarter of 2026 pursuant to an ordinance adopted by City Council on April 19, 2024. The plan of finance for the above-referenced issuances, including, but not limited to, the refunding and/or tender, may also include the issuance by the Sales Tax Securitization Corporation of its Senior Lien Bonds and/or Second Lien Bonds. The plan of finance, size, and timing of the above-referenced issuances has not yet been conclusively determined, and the timing of the issuances could be accelerated or delayed, at the discretion of the City, due to market or other conditions.

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DESCRIPTION OF THE SERIES 2026 BONDS

GENERAL

The Series 2026 Bonds will be dated the date of their delivery and will bear interest from the later of that date or the most recent date to which interest has been paid or duly provided for, payable semiannually on each January 1 and July 1, commencing July 1, 2026. The Series 2026 Bonds will bear interest at the rates per year, and mature on January 1 of the years and in the principal amounts as set forth previously in this Official Statement. Interest on the Series 2026 Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2026 Bonds will be issued in denominations of \$5,000 or integral multiples thereof (“**Authorized Denominations**”). The Series 2026 Bonds are subject to redemption prior to maturity as further described in this section.

Principal of and interest on the Series 2026 Bonds will be paid by the Trustee. The Series 2026 Bonds initially will be issued through a book-entry only system operated by The Depository Trust Company, New York, New York (“**DTC**”).

Make-Whole Redemption of the Series 2026 Bonds

The Series 2026 Bonds are subject to optional redemption prior to their stated maturity dates at the option of the City, in whole or in part on any date (the “**Taxable Make-Whole Call Date**”), at a make-whole price (the “**Taxable Make-Whole Redemption Price**”) equal to the greater of:

- (1) one hundred percent (100%) of the principal amount of the Series 2026 Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2026 Bonds to be redeemed from and including the Taxable Make-Whole Call Date to the maturity date of such Series 2026 Bonds, not including any portion of those payments of interest accrued and unpaid as of the Taxable Make-Whole Call Date, discounted to the Taxable Make-Whole Call Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Applicable Taxable Bond Rate plus 40 basis points;

plus, in each case, accrued interest on such Series 2026 Bonds to the Taxable Make-Whole Call Date.

“**Applicable Taxable Bond Rate**” means as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 60 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)) most nearly equal to the period from the redemption date to the maturity date

of the Series 2026 Bonds to be redeemed (taking into account any sinking fund installments for such bonds).

The Taxable Make-Whole Redemption Price will be determined by a verification agent, investment banking firm or financial advisor (which verification agent, investment banking firm or financial advisor shall be retained by the City at the expense of the City) in order to calculate such Taxable Make-Whole Redemption Price. The City may conclusively rely on such verification agent's, investment banking firm's or financial advisor's determination of such Taxable Make-Whole Redemption Price and will bear no liability for such reliance.

Mandatory Redemption of the Series 2026A Bonds

The Series 2026A Bonds maturing on January 1, 2031 are subject to mandatory redemption, at the redemption price of the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest on January 1 of the years and in the amounts set forth below:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2029	\$111,725,000
2030	118,255,000
2031*	125,165,000

*Final Maturity

The principal amount of the Series 2026A Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemption of such Series 2026A Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the City may determine with written notice to the Trustee. In addition, on or prior to the sixtieth (60th) day preceding any mandatory redemption date, the Trustee may, and if directed by the City shall, purchase Series 2026A Bonds required to be retired on such mandatory redemption date at such prices as the City shall determine. Any such Series 2026A Bonds so purchased shall be canceled and the principal amount thereof credited against the payment required on such next mandatory redemption date.

OTHER REDEMPTION PROVISIONS

Selection of Series 2026 Bonds for Redemption

The Series 2026 Bonds may be redeemed only in Authorized Denominations. If the Series 2026 Bonds are in book-entry form and less than all of the Series 2026 Bonds of a Series, Maturity Date, interest rate, and call date are to be redeemed, the particular Series 2026 Bonds or portions of such Series 2026 Bonds to be redeemed will be selected by lot by DTC or such successor securities depository in accordance with their then prevailing rules. See “**APPENDIX I – DTC BOOK-ENTRY-ONLY SYSTEM.**” If the Series 2026 Bonds are in certificated form and less than all of the Series 2026 Bonds of a Series, Maturity Date, interest rate, and call date are to be redeemed, the particular Series 2026 Bonds or portions of such Series 2026 Bonds to be redeemed will be

selected by lot by the Trustee as further described in “**APPENDIX G – ADDITIONAL REDEMPTION PROVISIONS – Selection of Series 2026 Bonds for Redemption.**”

Notice of Redemption of Series 2026 Bonds

Unless waived by any owner of Series 2026 Bonds to be redeemed, notice of any redemption of the Series 2026 Bonds shall be given at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2026 Bond or Series 2026 Bonds by first class mail at the address shown on the register of the Bond Registrar pertaining to such Series 2026 Bonds or at such other address as is furnished in writing by such Registered Owner to the Trustee. The failure of the Trustee to mail any such notice or any defect therein or the failure of the Registered Owner to receive any such notice as so given shall not affect the validity of the proceedings for the redemption of any Series 2026 Bond as to which proper notice of redemption has been given as provided under the Indenture. Any notice of redemption mailed with respect to the Series 2026 Bonds as provided under the Indentures shall be conclusively presumed to have been given whether or not actually received by the addressee. Interest on any such Series 2026 Bond called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. With respect to an optional redemption of Series 2026 Bonds, such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the redemption price of the Series 2026 Bonds. For additional information, see “**APPENDIX G – ADDITIONAL REDEMPTION PROVISIONS – Notice of Redemption of Series 2026 Bonds.**”

Series 2026 Bonds Not Presented for Payment

If any Series 2026 Bond is not presented for payment when the principal amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Series 2026 Bond are held by the Trustee for the benefit of the Registered Owner of such Series 2026 Bond, the Trustee shall hold such moneys for the benefit of the Registered Owner of such Series 2026 Bond without liability to the Registered Owner for interest. The Registered Owner of such Series 2026 Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Series 2026 Bond.

REGISTRATION AND TRANSFERS

The Bond Register for the registration and transfer of the Series 2026 Bonds will be kept at the Designated Corporate Trust Office of the Trustee, as the registrar for the City in connection with the Series 2026 Bonds (in such capacity, the “**Bond Registrar**”). See “**APPENDIX I – DTC BOOK-ENTRY-ONLY SYSTEM**” for a discussion of registration and transfer of the beneficial ownership interests in Series 2026 Bonds while they are in the book-entry system.

See “**APPENDIX H – REGISTRATION AND TRANSFERS FOR CERTIFICATED SERIES 2026 BONDS**” for a discussion of registration and transfer of the beneficial ownership interests in Series 2026 Bonds when such Series 2026 Bonds are in certificated form.

REGISTERED OWNER TREATED AS ABSOLUTE OWNER

The City, the Trustee and any Paying Agent may treat the Registered Owner of any Series 2026 Bond as the absolute owner thereof for all purposes, whether or not such Series 2026 Bond shall be overdue and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and interest on any such Series 2026 Bond as provided in the Indentures shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as provided in such Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2026 Bond to the extent of the sum or sums so paid.

SECURITY FOR THE SERIES 2026 BONDS

GENERAL OBLIGATIONS OF THE CITY

The Series 2026 Bonds are direct and general obligations of the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The City has pledged its full faith and credit to the payment of the Series 2026 Bonds. The Bond Ordinances provide for the levy of the Bond Property Tax Levies upon all taxable property within the City in an amount not less than the amount necessary to pay, as and when due, all principal of and interest on each Series of the Series 2026 Bonds, except that the City will not levy the Bond Property Tax Levies to pay the interest due with respect to the Series 2026 Bonds through January 1, 2028, which will be paid from the proceeds of the Series 2026 Bonds and interest earnings thereon. The portion of the proceeds of the Series 2026 Bonds being used to pay interest on the Series 2026 Bonds will be used to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the "**Government Securities**") and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and the initial cash deposit will be sufficient to pay the interest due on the Series 2026 Bonds through January 1, 2028. Each Series of the Series 2026 Bonds is further secured by and payable from certain other moneys, securities and funds pledged under the applicable Indenture. See "**APPENDIX A – CERTAIN DEFINITIONS FROM THE INDENTURES**" and "**APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES.**"

The Bond Ordinances obligate the City to appropriate amounts sufficient to pay principal of and interest on each Series of the Series 2026 Bonds. If the City fails to appropriate such amounts in any year, the Bond Ordinances constitute a continuing appropriation of such respective amounts without any further action by the City.

The Bond Property Tax Levies may be levied in excess of the amounts necessary to pay the principal of and interest on each Series of the Series 2026 Bonds to pay for the costs of periodic fees and expenses payable to parties involved in the provision of ongoing services relating to such Series of the Series 2026 Bonds, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the such Series of the Series 2026 Bonds (the "**Ongoing Financing Services**").

In each of the Indentures, the City covenants that, while a Series of the Series 2026 Bonds is Outstanding, the City may not use the applicable Bond Property Tax Levy for any purpose other than the payment of (i) the principal of, interest on and Redemption Price, if any, on such Series 2026 Bonds (or for the purchase by the City of such Series 2026 Bonds which are then cancelled), and (ii) the Ongoing Financing Services.

If the proceeds of the Bond Property Tax Levies are not available at the time payments of principal of or interest on the Series 2026 Bonds are due, the Bond Ordinances direct the Chief Financial Officer or the City Comptroller to make such payments from any other funds of the City that are legally available for that purpose. Such funds of the City will be replenished upon the City's receipt of the proceeds of the applicable Bond Property Tax Levy.

The Bond Ordinances authorize the City to abate all or a portion of the Bond Property Tax Levies for any year to the extent the City has on hand, on or before March 31 of such year (or such earlier date as may be required by law), funds dedicated for the payment of principal of, interest on and Redemption Price, if any, on the applicable Series of the Series 2026 Bonds due that year.

PROPERTY TAX COLLECTION PROCESS FOR THE SERIES 2026 BONDS

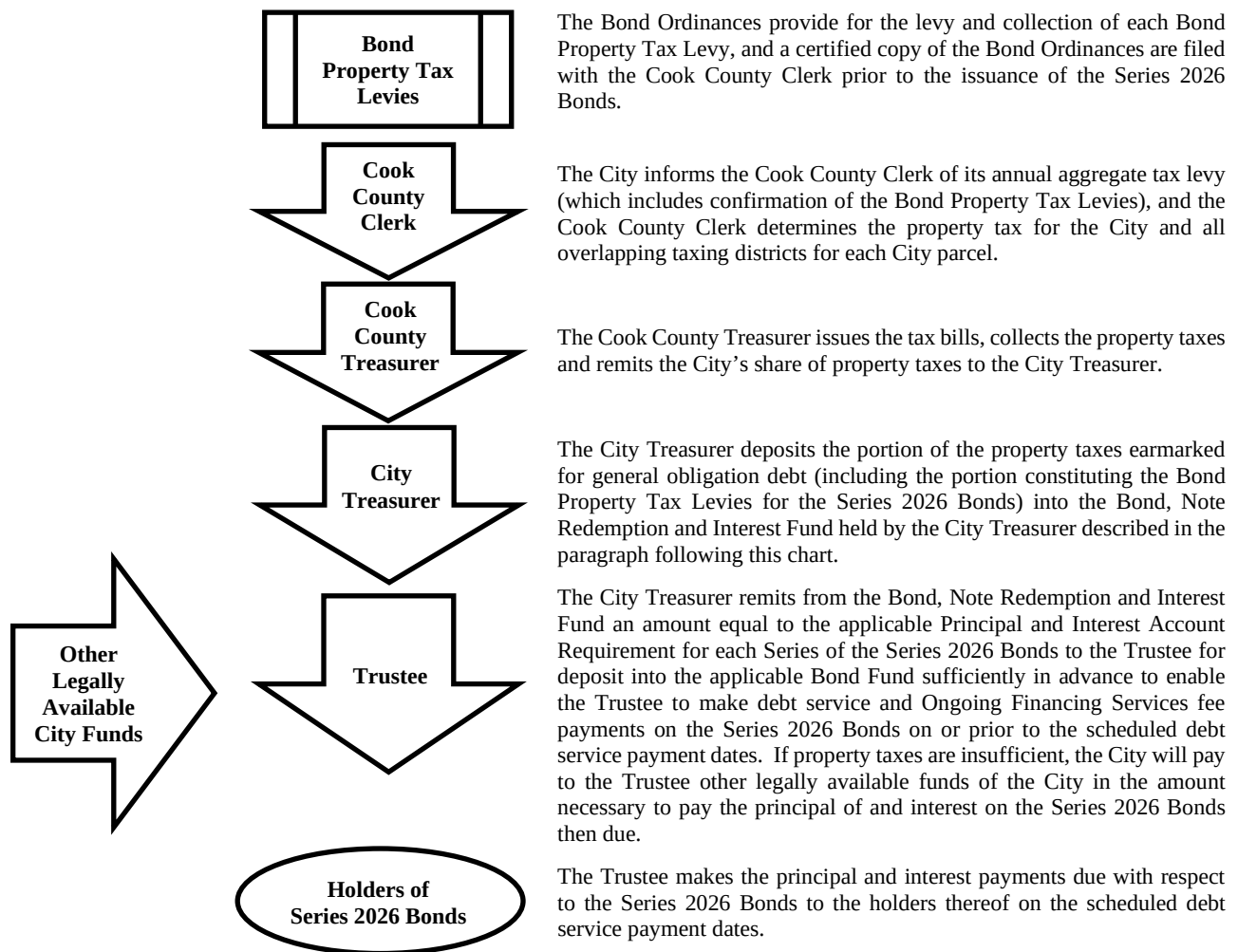
The Bond Property Tax Levies will be on file with the County Clerk of The County of Cook, Illinois (the "**Cook County Clerk**") and the County Clerk of The County of DuPage, Illinois (the "**DuPage County Clerk**" and, together with the Cook County Clerk, the "**County Clerks**") at the time of issuance of the Series 2026 Bonds.

The Bond Property Tax Levies are included in the calculation of the City's annual aggregate property tax levy, which is used primarily to pay debt service on the City's general obligation debt and to fund contributions to the City's pension plans. See "**OTHER BUDGET CONSIDERATIONS – PROPERTY TAXES**" and "**APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES.**"

Set forth on the following page is a general schematic of the process by which the Bond Property Tax Levies in The County of Cook, Illinois ("**Cook County**") (being the county in which approximately 99.99 percent of the taxable property in the City is located) are levied, billed, collected, and remitted to the City Treasurer and, ultimately, to the Trustee.

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TABLE 1. PROPERTY TAX COLLECTION PROCESS FOR THE SERIES 2026 BONDS



As shown above, when property taxes are remitted by the Cook County Treasurer to the City, the property taxes for debt service are deposited and held in the Bond, Note Redemption and Interest Fund maintained by the City Treasurer. The Bond, Note Redemption and Interest Fund is used to hold all of the money to be used to pay debt service on all of the City's general obligation bonds and notes, including the Series 2026 Bonds, for which the City has levied property taxes prior to the distribution of such funds to the Trustee for payment of debt service on the Series 2026 Bonds pursuant to the Indentures.

For additional information on real property assessment, tax levies and collections, see **"APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES."**

SECURITY INTEREST STATUS

The Bond, Note Redemption and Interest Fund is held by the City Treasurer. Until remittances from the Bond Property Tax Levies are deposited with the Trustee pursuant to the Indenture for the applicable Series of the Series 2026 Bonds as described in TABLE 1. PROPERTY

TAX COLLECTION PROCESS FOR THE SERIES 2026 BONDS, any claim for payment made by holders of such Series 2026 Bonds against such funds, or any other funds in the Bond, Note Redemption and Interest Fund, will be subject to any competing claims which may exist against such funds which may include claims from holders of the City's other outstanding general obligation debt. See "**GENERAL OBLIGATION DEBT.**" Once remittances from the Bond Property Tax Levies are deposited with the Trustee as described in TABLE 1. PROPERTY TAX COLLECTION PROCESS FOR THE SERIES 2026 BONDS above, such funds are subject to the security interest of the respective holders of the Series 2026 Bonds and may be used by the Trustee solely for the purposes authorized by the applicable Indenture, including payment of principal of and interest on the applicable Series of the Series 2026 Bonds. See "**INVESTMENT CONSIDERATIONS – BANKRUPTCY**" and "**– UNCERTAIN ENFORCEMENT OF REMEDIES.**"

There is no guarantee that the flow of revenues from the Bond Property Tax Levies will always be maintained as described in "**– PROPERTY TAX COLLECTION PROCESS FOR THE SERIES 2026 BONDS**" above. The City Council could alter the Bond Property Tax Levies, or the City could use remittances from the Bond Property Tax Levies or other funds held in the Bond, Note Redemption and Interest Fund for other uses besides debt service on the Series 2026 Bonds as authorized by the Bond Ordinances. The Illinois General Assembly could alter the procedure by which property taxes are extended and collected. However, because the Series 2026 Bonds are a general obligation of the City to which it has pledged its full faith and credit, if revenues from the Bond Property Tax Levies were insufficient to pay debt service on the Series 2026 Bonds, the City would still be obligated to remit other lawfully available funds to the Trustee to pay principal of and interest on the Series 2026 Bonds when due.

For additional information on real property assessment, tax levies and collections, see "**APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES.**"

RATINGS

The Series 2026 Bonds are rated BBB (negative outlook) by S&P Global Ratings ("**S&P**"), BBB+ (negative outlook) by Fitch Ratings ("**Fitch**"), and BBB+ (negative outlook) by Kroll Bond Rating Agency, LLC ("**Kroll**," and together with S&P and Fitch, the "**Rating Agencies**").

The ratings reflect only the respective view of the Rating Agencies. The ratings are not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time. An explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. There is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the Rating Agencies or any of them if, in the judgment of the respective Rating Agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies may have adverse consequences for the City and/or an adverse effect on the liquidity and/or market price of the Series 2026 Bonds.

THE CITY

GENERAL

Chicago is the third most populous city in the United States with a population of approximately 2.67 million. The City, located on the shores of Lake Michigan in the Midwestern United States, is the commercial and cultural center of a large and diverse regional economy. Trade, transportation and utilities, professional and business services, education and health services, government, leisure and hospitality and manufacturing are among the Chicago region's largest industry sectors. The City's transportation and distribution network includes Chicago O'Hare International Airport, Chicago Midway International Airport, rail traffic interchanges for the country's six largest freight railroad companies and two harbors capable of handling ocean-going ships and barges. See **"APPENDIX E – INFORMATION REGARDING CITY OF CHICAGO ECONOMY AND DEMOGRAPHICS."**

GOVERNMENT

The City was incorporated in 1837. The City is a municipal corporation and home rule unit of local government under the Illinois Constitution and, as such, "may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt," except that it can "impose taxes upon or measured by income or earnings or upon occupation" only if authorized by statute.

The Mayor and the City Council govern the City. The Mayor, the City Clerk and the City Treasurer are the only three Citywide elected officials. The City is divided into 50 legislative districts, or wards. Each ward is represented by an alderman who is elected by their constituency. The Citywide officials and the 50 aldermen are elected to serve coterminous four-year terms. The 50 aldermen comprise the City Council, which serves as the legislative branch of government of the City. The legislative powers of the City Council are granted by the Illinois General Assembly and by home rule provisions of the Illinois Constitution.

As the legislative body of the City, the City Council usually meets once every month except in August recess, to exercise general and specific powers delegated by State law. The City Council votes on loans extended by the City that exceed certain limits, bond issues, the City's short-term borrowing programs (whether general obligation or revenue), land acquisitions and sales, zoning changes, traffic control issues, certain mayoral appointees and financial appropriations. The City Council's standing committees work with individual departments on the execution of City activities and review proposed ordinances, resolutions and orders before they are voted on by the full City Council.

The Committee on Finance of the City Council considers ordinances, orders or resolutions that are referred or submitted to the Committee on Finance by aldermen, the Mayor, various City departments and the general public. The Committee on Finance has jurisdiction over tax levies; general obligation bonds and revenue bond programs; revenue orders, ordinances and resolutions; the financing of municipal services and capital developments; and matters generally affecting the Department of Finance, the City Comptroller and the City Treasurer.

GENERAL OBLIGATION DEBT

SHORT-TERM GENERAL OBLIGATION DEBT

The City has issued, and may from time to time issue, short-term debt, commercial paper and borrowings under revolving lines of credit, which comprise the City's short-term borrowing facilities (the "**Short-Term Borrowing Program**").

Under its Short-Term Borrowing Program, the City may issue general obligation commercial paper notes and borrow under general obligation lines of credit, both of which are general obligations of the City but do not have a specific property tax levy in place for their repayment. The City uses the Short-Term Borrowing Program for working capital in anticipation of receipt of other revenue, to fund capital projects, debt refinancing or restructuring and to pay non-capital expenditures, such as settlements and judgments or retroactive payment of employment salaries and wages.

The authorizing ordinances for the Short-Term Borrowing Program allow for a maximum outstanding amount of general obligation commercial paper notes and/or general obligation lines of credit in the aggregate principal amount of \$1.0 billion.

Currently, the City has available borrowing capacity under its Short-Term Borrowing Program pursuant to line of credit agreements as set forth in the table below (the "**Line of Credit Agreements**"). A portion of the proceeds of the Series 2026A Bonds will be used to pay (a) a portion of the principal amount outstanding and related accrued interest under the City's line of credit agreement with Wells Fargo Bank, National Association and (b) the principal amount outstanding and related accrued interest under the City's line of credit agreement with Bank of America, N.A.

<u>ISSUE</u>	<u>SERIES</u>	<u>AMOUNT COMMITTED</u>	<u>AMOUNT DRAWN</u>	<u>FACILITY EXPIRATION</u>	<u>BANK</u>
Line of Credit Agreement	2021	\$325,000,000	\$325,000,000	6/1/2028	Royal Bank of Canada
Line of Credit Agreement	2021	\$175,000,000	\$174,833,000*	12/1/2027	Wells Fargo Bank, National Association
Line of Credit Agreement	2025	\$100,000,000	\$99,500,000*	3/24/2027	Bank of America, N.A.

*Prior to payment from proceeds of the Series 2026A Bonds.

LONG-TERM GENERAL OBLIGATION DEBT

The City's long-term general obligation bonds are backed by the full faith and credit of the City. All taxable property within the City is subject to the levy of taxes, without regard to rate or amount, to pay the principal of and interest on a significant portion of such general obligation bonds.

The City has two types of long-term general obligation bonds outstanding. For a significant portion of the City's long-term general obligation bonds, an annual property tax levy has been established to pay debt service on such bonds ("**Tax Levy Bonds**"). For certain other long-term general obligation bonds issued by the City (which make up a small subset of the City's long-term general obligation bonds), an annual property tax levy has been established but is annually abated if certain other specified revenues are available that year to pay debt service ("**Alternate Revenue Bonds**"). Alternate Revenue Bonds include the City's General Obligation Bonds (Modern Schools Across Chicago Program), Series 2010B. All other long-term general obligation bonds of the City are Tax Levy Bonds.

The following are selected debt statistics regarding the City's long-term general obligation bonds from 2015 through 2024, as presented in the City of Chicago Annual Comprehensive Financial Report for the Year Ended December 31, 2024 (the "**2024 City ACFR**") and supplemented by the City's Department of Finance based on information from The Civic Federation.

TABLE 2. LONG-TERM GENERAL OBLIGATION SELECTED DEBT STATISTICS (2015-2024)

Year	Aggregate Debt (\$ in thousands)	Total Estimated Fair Cash Value (\$ in thousands) ¹	Ratio of Debt to Fair Cash Value	Debt Per Capita ²
2015	9,041,892	278,027,604	3.3	3,354
2016	8,943,914	293,121,793	3.1	3,317
2017	9,609,625	306,074,351	3.1	3,565
2018	8,135,257	323,201,137	2.5	3,018
2019	8,162,338	335,856,711	2.4	3,028
2020	7,093,076	334,792,009	2.1	2,631
2021	6,346,707	358,461,809	1.8	2,311
2022	6,246,713	388,365,020	1.6	2,275
2023	5,586,678	406,377,532	1.4	2,034
2024	5,361,884	--	N/A	1,952

¹ Source: The Civic Federation. Excludes railroad property, pollution control facilities and the portion of the City in DuPage County. Certain information for 2024 was not available at time of publication of this Official Statement.

² Population source: U.S. Census Bureau. From 2015 through 2019, the per capita calculation is based on the 2010 population of 2,695,598. For 2020 through 2024, per capita calculation is based on the 2020 population of 2,746,388.

After the issuance of the Series 2026 Bonds, the City has outstanding long-term general obligation bonds in an aggregate principal amount of \$5,823,140,179 which is set forth in TABLE 3. OUTSTANDING LONG-TERM GENERAL OBLIGATION BONDS BY SERIES on the following page.

TABLE 3. OUTSTANDING LONG-TERM GENERAL OBLIGATION BONDS BY SERIES

Series	Outstanding Principal Amount ¹	Final Maturity Date
General Obligation Bonds, Taxable Series 2026A	\$485,625,000	1/1/2033
General Obligation Bonds, Taxable Series 2026B	26,300,000	1/1/2032
General Obligation Bonds, Series 2025A	393,395,000	1/1/2050
General Obligation Bonds, Series 2025B	175,075,000	1/1/2041
General Obligation Bonds, Series 2025C	42,875,000	1/1/2043
General Obligation Bonds, Taxable Series 2025D	8,050,000	1/1/2032
General Obligation Bonds, Series 2025E	75,985,000	1/1/2045
General Obligation Bonds, Series 2025F (Housing and Economic Development Projects)	66,460,000	1/1/2055
General Obligation Bonds, Taxable Series 2025G (Housing and Economic Development Projects)	14,785,000	1/1/2035
General Obligation Bonds, Refunding Series 2024B	280,605,000	1/1/2041
General Obligation Bonds, Series 2024A	646,560,000	1/1/2045
General Obligation Bonds, Series 2023A (Chicago Works)	439,070,000	1/1/2043
General Obligation Bonds, Series 2023B (Chicago Recovery Plan)	20,110,000	1/1/2039
General Obligation Bonds, Series 2021A	435,040,000	1/1/2036
General Obligation Bonds, Series 2021B	219,127,000	1/1/2049
General Obligation Bonds, Refunding Series 2020A	283,090,000	1/1/2032
General Obligation Bonds, Series 2019A	407,735,000	1/1/2049
General Obligation Bonds, Project and Refunding Series 2017A	402,675,000	1/1/2038
General Obligation Bonds, Taxable Project Series 2017B	11,765,000	1/1/2027
General Obligation Bonds, Taxable Series 2015B	98,569,000	1/1/2032
General Obligation Bonds, Refunding Series 2015C	40,015,000	1/1/2038
General Obligation Bonds, Taxable Project and Refunding Series 2014B	195,735,000	1/1/2044
General Obligation Bonds, Taxable Project and Refunding Series 2012B	151,300,000	1/1/2042
General Obligation Bonds, Taxable Project Series 2011B	141,875,000	1/1/2042
General Obligation Bonds, Taxable Project Series 2010C-1	125,275,000	1/1/2035
General Obligation Bonds, Taxable Project Series 2010B (Build America Bonds - Direct Payment)	213,555,000	1/1/2040
General Obligation Bonds, Taxable Series 2010B (MSAC Program) (Build America Bonds - Direct Payment)	8,480,000	12/1/2029
General Obligation Bonds, Taxable Project and Refunding Series 2009B	127,150,000	1/1/2032
General Obligation Bonds, Taxable Project Series 2009C (Build America Bonds - Direct Payment)	55,435,000	1/1/2036
General Obligation Bonds, Taxable Project Series 2009D (Recovery Zone Economic Development - Direct Payment)	133,180,000	1/1/2040
General Obligation Bonds, Taxable Project and Refunding Series 2008B	24,165,000	1/1/2028
General Obligation Bonds, Project and Refunding Series 2008C	13,018,444	1/1/2032
General Obligation Bonds, Taxable Project and Refunding Series 2008E	19,095,000	1/1/2029
General Obligation Bonds, Taxable Series 2007B	2,245,000	1/1/2029
General Obligation Bonds, Series 2000A	1,087,240	1/1/2029
General Obligation Bonds (City Colleges of Chicago Capital Improvement Project), Series 1999	38,633,495	1/1/2039
Total	\$5,823,140,179	

¹ Includes the issuance of the Series 2026 Bonds.

The City's long-term general obligation debt service schedule for 2027 through 2055, after the issuance of the Series 2026 Bonds, is set forth in TABLE 4. OUTSTANDING LONG-TERM GENERAL OBLIGATION BONDS DEBT SERVICE SCHEDULE on the following page.

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TABLE 4. OUTSTANDING LONG-TERM GENERAL OBLIGATION BONDS DEBT SERVICE SCHEDULE

Year Ending January 1	Series 2026 Bonds		Tax Levy Bonds		Alternate Revenue Bonds		General Obligation Total		
	Principal	Interest	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹	Total
2027	--	\$23,542,227	\$ 88,692,000	\$ 247,043,698	\$6,240,000	\$442,387	\$94,932,000	\$271,028,312	\$365,960,312
2028	--	30,707,252	111,325,000	287,359,826	675,000	120,154	112,000,000	318,187,232	430,187,232
2029	\$111,725,000	30,707,252	166,445,610	317,512,340	715,000	83,947	278,885,610	348,303,539	627,189,149
2030	118,255,000	24,138,940	209,933,550	304,162,405	850,000	45,594	329,038,550	328,346,939	657,385,489
2031	125,165,000	17,186,728	223,028,901	283,044,503	--	--	348,193,901	300,231,231	648,425,132
2032	89,625,000	9,828,278	218,519,374	290,035,729	--	--	308,144,374	299,864,007	608,008,381
2033	67,155,000	4,248,225	289,286,912	264,565,468	--	--	356,441,912	268,813,693	625,255,605
2034	--	--	290,298,211	246,139,696	--	--	290,298,211	246,139,696	536,437,907
2035	--	--	277,914,377	235,941,052	--	--	277,914,377	235,941,052	513,855,429
2036	--	--	280,324,526	222,046,543	--	--	280,324,526	222,046,543	502,371,069
2037	--	--	323,981,908	192,806,087	--	--	323,981,908	192,806,087	516,787,995
2038	--	--	275,804,432	187,285,034	--	--	275,804,432	187,285,034	463,089,466
2039	--	--	254,392,380	171,891,754	--	--	254,392,380	171,891,754	426,284,134
2040	--	--	279,245,000	127,027,899	--	--	279,245,000	127,027,899	406,272,899
2041	--	--	275,317,000	110,722,655	--	--	275,317,000	110,722,655	386,039,655
2042	--	--	232,437,000	95,337,462	--	--	232,437,000	95,337,462	327,774,462
2043	--	--	286,982,000	82,368,521	--	--	286,982,000	82,368,521	369,350,521
2044	--	--	314,968,000	66,998,966	--	--	314,968,000	66,998,966	381,966,966
2045	--	--	311,078,000	50,507,160	--	--	311,078,000	50,507,160	361,585,160
2046	--	--	79,379,000	34,432,640	--	--	79,379,000	34,432,640	113,811,640
2047	--	--	106,901,000	29,787,180	--	--	106,901,000	29,787,180	136,688,180
2048	--	--	138,751,000	23,610,790	--	--	138,751,000	23,610,790	162,361,790
2049	--	--	146,790,000	15,664,350	--	--	146,790,000	15,664,350	162,454,350
2050	--	--	92,815,000	7,256,400	--	--	92,815,000	7,256,400	100,071,400
2051	--	--	4,985,000	1,687,500	--	--	4,985,000	1,687,500	6,672,500
2052	--	--	5,290,000	1,388,400	--	--	5,290,000	1,388,400	6,678,400
2053	--	--	5,605,000	1,071,000	--	--	5,605,000	1,071,000	6,676,000
2054	--	--	5,945,000	734,700	--	--	5,945,000	734,700	6,679,700
2055	--	--	6,300,000	378,000	--	--	6,300,000	378,000	6,678,000
Total	\$511,925,000	\$140,358,902	\$5,302,735,179	\$3,898,807,758	\$8,480,000	\$692,081	\$5,823,140,181	\$4,039,858,742	\$9,862,998,923

^c Capitalized interest for the Series 2026 Bonds totals \$54,249,479. Interest for each year includes the full amount of interest payable without adjustment for capitalized interest to be applied by the City.

¹ Interest for each year includes the full amount of the interest payable on the following: (i) General Obligation Bonds, Taxable Project Series 2009C (Build America Bonds–Direct Payment), (ii) the General Obligation Bonds, Taxable Project Series 2009D (Recovery Zone Economic Development Bonds Direct Payment), (iii) the General Obligation Bonds, Taxable Series 2010B (Modern Schools Across Chicago Program) (Build America Bonds–Direct Payment) and (iv) the General Obligation Bonds, Taxable Project Series 2010B (Build America Bonds–Direct Payment) without adjustment for federal subsidy payments to be received by the City.

Note: Principal and interest (including the amount of interest that has accreted on capital appreciation bonds) for each year includes amounts payable from January 2 of the preceding year through January 1 of the stated year, except that each year includes principal and interest payable on the General Obligation Bonds, Taxable Series 2010B (Modern Schools Across Chicago Program) (Build America Bonds–Direct Payment) on June 1 and December 1 of the prior year. Interest for each year of the Tax Levy Bonds (with the exception of the Series 2026 Bonds as noted above) does not include the full amount of interest payable due to adjustment for capitalized interest to be applied by the City. Totals may not sum due to rounding.

GENERAL FUND

OVERVIEW

The City has historically presented information on the City's Corporate Fund (the **"Corporate Fund"**) in connection with its general obligation bond issues. The City's General Fund (the **"General Fund"**) is the City's primary operating fund and accounts for all the City's sources and uses of general operating revenue. The Corporate Fund comprises approximately 99.0 percent of the General Fund. Non-major operating funds, the fund balances of which are not restricted or committed consistent with the Governmental Accounting Standards Board (**"GASB"**), comprise the remaining 1.0 percent of the General Fund. The General Fund, and not the Corporate Fund, is included in the City's basic financial statements. The City is presenting information in this Official Statement about the General Fund in order to facilitate the reader's review of the City's basic financial statements. See **"APPENDIX C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024."**

The General Fund does not account for certain portions of the City's pension obligations including those that are paid from the City's property tax levy and the Enterprise Funds, nor does it account for the principal and interest payments on the City's long-term general obligation bonds that are paid from the property tax levy. For information regarding the use of the City's property taxes to pay pension costs and general obligation bond debt service, see **"OTHER BUDGET CONSIDERATIONS – PROPERTY TAXES – Use of City Property Tax Levy"** below.

SELECTED FINANCIAL INFORMATION

The following TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES sets forth revenues and other financing sources (collectively, **"Resources"**), expenditures and other financing uses and changes in fund balance for the General Fund on a historical basis for the years 2020 to 2024. The financial information is based on the modified accrual basis of accounting for the General Fund as reported in the City's audited basic financial statements for the years 2020 to 2024, respectively. TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES should be read in conjunction with the financial information set forth in **"APPENDIX C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024."**

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TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES
(FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)

	2020	2021	2022	2023	2024
REVENUES					
Utility Tax	\$ 391,368	\$ 408,011	\$ 432,868	\$ 388,552	\$ 388,895
Sales Tax ¹	58,690	77,656	93,877	101,298	103,831
State Income Tax ²	487,262	747,467	972,155	855,835	707,348
Other Taxes ³	889,659	1,259,220	1,603,135	1,679,026	1,806,500
Federal/State Grants	1,431	784,045	387,072	2,316	1,143
Other Revenues ⁴	1,245,771	1,356,110	1,427,154	1,668,304	1,498,488
TOTAL REVENUES	\$3,074,181	\$4,632,509	\$4,916,260	\$4,695,331	\$4,506,205
EXPENDITURES					
Current					
Public Safety ⁵	\$2,136,393	\$2,372,033	\$2,501,909	\$2,616,760	\$2,791,171
General Government	1,209,561	1,523,387	1,158,326	1,133,192	1,662,392
Other ⁶	305,880	320,995	477,147	764,717	394,882
Debt Service ⁷	16,223	467,533	1,422	72,654	357
TOTAL EXPENDITURES	\$3,668,057	\$4,683,948	\$4,138,804	\$4,587,324	\$4,848,802
REVENUES OVER (UNDER) EXPENDITURES	(\$593,876)	(\$51,439)	\$777,456	\$108,007	(\$342,597)
OTHER FINANCING SOURCES (USES)					
Proceeds of Debt, Net of Original Discount/Including Premium	\$450,000	--	--	--	--
Transfers In ¹					
Residual Sales Tax Revenues Transferred	\$475,658	\$640,589	\$567,348	\$474,348	\$476,803
Other Transfers In	24,827	31,371	19,873	82,320	35,975
Transfers Out ⁸	(336,542)	(306,743)	(742,723)	(928,105)	(852,931)
TOTAL OTHER FINANCING SOURCES (USES)	\$613,942	\$365,217	(\$155,502)	(\$371,437)	(\$340,153)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 20,066	\$313,778	\$ 621,954	(\$ 263,430)	(\$ 682,750)
FUND BALANCE – BEGINNING OF YEAR	\$ 335,923	\$359,485	\$ 679,141	\$1,312,310	\$1,054,870
Change in Inventory	3,496	5,878	11,215	5,990	15,558
FUND BALANCE – END OF YEAR	\$ 359,485	\$679,141	\$1,312,310	\$1,054,870	\$ 387,678

¹ “Sales Tax” does not include State-Collected Sales Tax Revenues sold to the Sales Tax Securitization Corporation (“STSC”) after the December 14, 2017 date of sale of the State-Collected Sales Tax Revenues. “Transfers In” includes Residual Sales Tax Revenues received by the City from STSC. See “GENERAL FUND REVENUES – Sales Taxes” and “OTHER BUDGET CONSIDERATIONS” below.

² Includes the City’s share of state income taxes, including personal property tax replacement taxes.

³ Includes Transaction, Transportation, Recreation and Business Taxes, as well as the City’s share of the State Auto Rental Tax.

⁴ Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.

⁵ “Public Safety” expenditures consist of operating expenses related to the Office of Public Safety Administration, the Chicago Police Department (“CPD”), the Office of Emergency Management & Communications (“OEMC”), the Chicago Fire Department (“CFD”), the Civilian Office of Police Accountability (“COPA”), Department of Buildings, Department of Business Affairs and Consumer Protection and Commission on Animal Care and Control.

⁶ Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational, Employee Pensions and Other Current Expenditures.

⁷ Represents debt service on general obligation bonds that are not paid from an annual property tax levy. See “GENERAL OBLIGATION DEBT – LONG-TERM GENERAL OBLIGATION DEBT.”

⁸ Includes transfers to the Pension Fund for annual budgeted pension fund contributions. In 2024, transfers out to the Pension Fund from the General Fund were \$801.9 million.

⁹ Fund Balance – End of Year for 2024 includes no unassigned fund balance (see TABLE 13. TOTAL BUDGET STABILIZATION FUNDS (FISCAL YEARS 2020-2024) (\$ IN MILLIONS)).

Sources: The City of Chicago Annual Comprehensive Financial Report (“City ACFR,” formerly referred to as “CAFR”) for the Year Ended December 31, 2020, Exhibit 4 and Respective City ACFRs, Exhibit 4, for 2021 through 2024. Totals may not sum due to rounding.

GENERAL FUND REVENUES

The General Fund’s revenue sources consist of utility taxes, sales taxes, State income taxes, other taxes, federal and State grants and other revenues. Except for federal and State grants, which are less than 1 percent of overall General Fund revenues, the various sources of General Fund revenues are described below. *See also “CITY FUND STRUCTURE – FEDERAL AND STATE GRANTS”* for additional information regarding federal and State grants.

UTILITY TAXES

Utility taxes consist of taxes on the purchase of natural gas, electric and telecommunications services, and cable television. The following TABLE 6. UTILITY TAX REVENUE sets forth the sources of utility tax revenue for the years 2020 through 2024. A description of certain utility taxes (and certain factors impacting changes in such revenue sources) follow the table.

TABLE 6. UTILITY TAX REVENUE (FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)

	2020	2021	2022	2023	2024
Gas	\$114,354	\$134,297	\$165,400	\$133,817	\$129,304
Electric	93,920	95,737	95,379	90,618	93,755
Commonwealth Edison	86,129	87,674	87,315	82,996	85,262
Telecommunication	73,002	66,820	63,125	61,836	64,196
Cable Television	23,963	23,483	21,649	19,285	16,378
TOTAL UTILITY TAX	\$391,368	\$408,011	\$432,868	\$388,552	\$388,895

Sources: Respective City ACFRs, Schedule A-1, for 2020 through 2024. Totals may not sum due to rounding.

Gas Taxes

The City imposes two natural gas-related taxes. The natural gas occupation tax is an 8.0 percent tax on the gross receipts from gas and delivery charges imposed on persons engaged in the occupation of distributing, supplying, furnishing, selling or transporting natural gas for use or consumption in the city, and not for resale. The natural gas use tax is imposed at a rate of 6.3 cents per therm of gas used or consumed that is purchased in a retail sale from entities not subject to the natural gas occupation tax. Natural gas tax collections are highly dependent upon weather conditions and price. Colder weather increases consumption and associated tax revenues, as natural gas is used to heat homes and buildings. Because the natural gas occupation tax is a percentage of gross revenues related to delivery of gas as opposed to a per-unit rate based on gas used or consumed, these revenues are more directly impacted by price than electricity taxes, which are imposed entirely on a per-unit basis.

Electric and Commonwealth Edison Taxes

The City's electricity taxes (shown in TABLE 6. UTILITY TAX REVENUE above under "Electric" and "Commonwealth Edison") are charged based on the number of kilowatt hours of electricity used. Revenues from electricity taxes depend on consumption and weather conditions, particularly summer temperatures due to the electricity needed to cool homes and buildings. Electricity rates, conservation efforts and technological changes that contribute to energy efficiency also affect the amount of electricity used and thus revenue from these taxes.

Telecommunications Taxes

Revenue from telecommunications taxes, which are levied by the City on charges for landline telephone services in the City, has declined over the past decade, reflecting trends in the industry and consumer preferences. The overall decline in revenues was due in part to the continuing reduction in the use of landlines as more customers rely solely on wireless services, as well as a decline in the number of wireless accounts as use of online communication services has increased. In addition, federal law exempts most wireless data services, such as mobile broadband, from taxation. Consequently, growth in the market for such wireless services has resulted in decreased telecommunications tax revenues for the City.

SALES TAXES

Sales taxes include (a) certain sales taxes revenues collected by the City ("**City-Collected Sales Tax Revenues**") and (b) sales tax revenues collected by the State ("**State-Collected Sales Tax Revenues**").

On December 14, 2017, the City entered into an Assignment, Purchase and Sale Agreement with the Sales Tax Securitization Corporation (as amended, the "**STSC Agreement**"), pursuant to which the City sold to the Sales Tax Securitization Corporation ("**STSC**") the City's rights to receive State-Collected Sales Tax Revenues, and in exchange the City received the proceeds of bonds issued by STSC and secured by such State-Collected Sales Tax Revenues.

STSC uses the State-Collected Sales Tax Revenues to pay its operating expenses and pay debt service on STSC's bonds. Thereafter, any remaining State-Collected Sales Tax Revenues (the "**Residual Sales Tax Revenues**") are transferred to the City and are recorded in the City's General Fund as "Transfers In" rather than recorded as "Revenues," as they were previously. Sales Taxes in the General Fund for 2017 onward are reduced as a result of the sale of the State-Collected Sales Tax Revenues to STSC. Transfers In in the General Fund for 2017 onward are increased as a result of deposits of Residual Sales Tax Revenues from STSC for those years; see "**OTHER BUDGET CONSIDERATIONS – OTHER FINANCING SOURCES (USES)**" below.

City-Collected Sales Tax Revenues consist of the use tax on non-titled personal property and 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. City-Collected Sales Tax Revenues were not sold to STSC and continue to be recorded in the City's General Fund as revenues.

STATE INCOME TAXES

State income tax revenues consist of the City’s share of the state income taxes, including personal property tax replacement taxes (“PPRT”). The following TABLE 7. STATE INCOME TAXES sets forth sources of state income tax revenue received by the General Fund for the years 2020 through 2024. A description of the income tax and PPRT (as well as certain factors impacting changes in such revenue sources) follow the table.

TABLE 7. STATE INCOME TAXES (FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)					
	2020	2021	2022	2023	2024
Income Taxes	\$321,432	\$376,733	\$412,371	\$428,897	\$457,269
PPRT	<u>165,830</u>	<u>370,734</u>	<u>559,784</u>	<u>426,938</u>	<u>250,079</u>
TOTAL STATE INCOME TAX	<u>\$487,262</u>	<u>\$747,467</u>	<u>\$972,155</u>	<u>\$855,835</u>	<u>\$707,348</u>

Sources: Respective City ACFRs, Schedule A-1, for 2020 through 2024. Totals may not sum due to rounding.

Income Tax

Income tax revenues are impacted by a combination of factors, including employment rates, population, federal rules and the timing of state distributions. The City’s share of State income tax revenues can vary with changes in the State’s personal and corporate income tax rates and/or changes to the percentage of total income tax receipts paid into the Local Government Distributive Fund (the “LGDF”). The LGDF is the fund from which all municipalities and counties in the State are paid their share of Illinois Individual Income Tax revenue and most of their share of Corporate Income Tax revenue, with the remainder of Corporate Income Tax revenues distributed through PPRT.

Distributions from LGDF are based on a municipality’s share of the State’s population or a county’s unincorporated population as a share of the State’s population.

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TABLE 8. HISTORICAL INCOME TAX RATES AND INCOME TAX REVENUE SHARES DISTRIBUTED below shows the changes in income tax rates over time and the changes in the share of income tax revenue distributed to local governments through the LGDF.

TABLE 8. HISTORICAL INCOME TAX RATES AND INCOME TAX REVENUE SHARES DISTRIBUTED

Period Beginning	Period Ending	Income Tax Rates		LGDF Share of Net Income Tax Revenues		LGDF Reduction	Effective LGDF Share of Net Income Tax Revenues	
		Individual	Corporate	Individual	Corporate		Individual	Corporate
January 1, 2011	December 31, 2014	5.00%	7.00%	6.00%	6.86%	--	6.00%	6.86%
January 1, 2015	June 30, 2017	3.75	5.25	8.00	9.14	--	8.00	9.14
July 1, 2017	June 30, 2018	4.95	7.00	6.06	6.85	10.00%	5.45	6.17
July 1, 2018	June 30, 2020	4.95	7.00	6.06	6.85	5.00	5.76	6.51
July 1, 2020	July 31, 2022	4.95	7.00	6.06	6.85	--	6.06	6.85
August 1, 2022	July 31, 2023	4.95	7.00	6.16	6.85	--	6.16	6.85
August 1, 2023	--	4.95	7.00	6.47	6.85	--	6.47	6.85

Note: During State fiscal year 2018, a special provision in the State's fiscal year 2018 Budget Implementation Act provided for a reduction of 10 percent of deposits into the LGDF. The "Effective LGDF Share of Net Income Tax Revenues" shows the effect of this reduction on municipalities and counties. Similar provisions were enacted in the State's fiscal year 2019 Budget Implementation Act and the State's fiscal year 2020 Budget Implementation Act, as well; though, in those two fiscal years, the reduction was 5 percent rather than 10 percent.

In 2018, the State began depositing income tax revenue directly into the LGDF instead of the revenue first passing through the State's general revenue fund with a subsequent transfer to the LGDF. The State reduced the amount deposited into the LGDF by another 10.0 percent for State fiscal year 2018. For the State's fiscal years 2019 and 2020, the amount deposited into LGDF was reduced by 5.0 percent. There was no reduction in State fiscal years 2021 through 2025. Distribution through LGDF is distributed to municipalities and counties based on population; accordingly, the increase in the City's population as a percentage of the State's population also increases the City's share of LGDF.

Personal Property Tax Replacement Taxes

PPRT derive revenues primarily from an additional State income tax levied by the State on corporations, partnerships, trusts and S corporations. Currently, corporations pay a 2.5 percent tax on income, while partnerships, trusts and S corporations pay a 1.5 percent tax on income. PPRT also derive some revenues from various taxes imposed on utilities at various rates. PPRT are collected by the State and paid to local governments in order to replace revenues that were lost when the State eliminated the authority of local governments to collect personal property taxes on business entities.

PPRT revenues are impacted by a variety of factors, including the economic climate for businesses, changes in State law or policy, and the diversion of PPRT revenues from municipalities to other State priorities. The City's share of PPRT revenues has varied significantly in recent years as a result, in part, of changes related to Public Act 102-0658, which amended the Illinois Income Tax Act and became effective on August 27, 2021 ("**P.A. 102-0658**"). P.A. 102-0658 enabled

partnerships and S corporations to elect to pay an entity-level State tax on income, which could be claimed as a credit on their State tax returns.

OTHER TAXES

Other tax revenues consist of various taxes imposed by the City, such as transportation taxes, transaction taxes, recreation taxes, and business taxes, as well as the City's share of the State auto rental tax. The following TABLE 9. OTHER TAXES sets forth sources of other tax revenue for the years 2020 through 2024.

TABLE 9. OTHER TAXES (FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)

	2020	2021	2022	2023	2024
TRANSPORTATION TAXES					
Parking	\$ 65,360	\$ 104,627	\$ 133,232	\$ 147,252	\$ 151,351
Vehicle Fuel	34,113	54,896	57,026	57,257	58,716
Ground Transportation	94,439	96,172	142,906	187,416	202,970
TRANSACTION TAXES					
Real Property	\$130,318	\$ 184,144	\$ 196,400	\$ 133,624	\$ 145,398
Personal Property Lease	344,131	491,143	602,331	639,182	701,298
Motor Vehicle Lessor	3,015	4,129	5,159	5,928	6,439
RECREATION TAXES					
Amusement	\$104,273	\$ 159,134	\$ 233,169	\$ 262,488	\$ 269,937
Automatic Amusement	384	300	306	300	380
Liquor	27,478	29,832	29,732	30,111	29,703
Boat Mooring	990	1,530	1,530	1,723	1,601
Cigarette	20,815	17,365	16,524	14,667	13,242
Cannabis	1,731	5,096	5,563	5,554	5,209
Off Track Betting	251	301	168	50	---
Soft Drink	22,202	25,880	27,945	30,658	36,253
BUSINESS TAXES					
Hotel	\$ 25,672	\$ 65,467	\$ 119,604	\$ 134,690	\$ 148,163
Foreign Fire Insurance	6,146	7,790	7,536	7,694	8,230
Shopping Bag Tax	6,258	7,477	18,982	15,301	22,297
STATE AUTO RENTAL TAXES	\$ 2,083	\$ 3,937	\$ 5,022	\$ 5,131	\$ 5,313
TOTAL OTHER TAXES	<u>\$889,659</u>	<u>\$1,259,220</u>	<u>\$1,603,135</u>	<u>\$ 1,679,026</u>	<u>\$1,806,500</u>

Sources: Respective City ACFRs, Schedule A-1, for 2020 through 2024. Totals may not sum due to rounding.

A description of certain transportation taxes, transaction taxes, recreation taxes, and business taxes (as well as certain factors impacting changes in those revenue sources) are below.

Transportation Taxes

Transportation tax revenues include taxes on vehicle fuel, garage/lot parking and hired ground transportation.

Parking taxes make up one of the two largest portions of this category of revenues. Currently, the Parking Tax rate is 23.25 percent on total charges for daily parking during the work week, weekly and monthly parking; 23.25 percent on total charges for daily parking on the weekends; and 23.25 percent of the gross amount of consideration received by a valet parking business in connection with its valet parking operations in the City, including all related service fees or similar charges. These rates became effective in January 2025.

Currently, the Vehicle Fuel Tax is 8 cents per gallon except for aviation fuel which is taxed at 5 cents per gallon. The revenues from the tax on aviation fuel are subject to the use requirements of 49 U.S.C. § 47107(b) and 49 U.S.C. § 47133, which require that the revenues be used for airport-related purposes.

The largest portion of transportation taxes is the Ground Transportation Tax. Over the past decade the City has included a number of revisions to the Ground Transportation Tax. Beginning in January 2020, the City introduced a new pricing structure for Transportation Network Provider (“TNP”) vehicles as described below.

- Single-rider vehicles would have a surcharge of \$1.13 per vehicle per ride, plus \$1.75 per vehicle per ride that includes a pickup, drop-off or both within the central business district.
- Shared rides would have a surcharge of \$0.53 per vehicle per ride, plus \$0.60 per vehicle per ride that includes a pickup, drop-off or both within the central business district.
- The additional surcharge for trips into or from the central business district applies only between 6:00 a.m. and 10:00 p.m. on weekdays.
- Both single-rider vehicles and shared rides are still subject to the additional \$5.00 surcharge for each trip that includes a pickup, drop-off or both at an airport, Navy Pier or McCormick Place.

As a result of expanded service areas and increases in usage and rates, ground transportation revenues increased from \$10.4 million in 2014 to \$138.8 million in 2019, with a reduction to \$94.4 million in 2020 (a \$44.4 million, or 32 percent decrease) and \$96.2 million in 2021, due to dramatically reduced levels of commuting and TNP ridership as a result of the COVID-19 pandemic. Ground transportation revenues eclipsed pre-pandemic levels in 2022 (\$142.9 million) and continued to grow in 2023 (\$187.4 million) and 2024 (\$202.9 million).

In January 2025, the City revised the pricing structure for single ride TNP vehicles by reducing the \$1.75 surcharge to \$1.50 and making the surcharge effective seven days a week rather than only on weekdays.

In January 2026, the City expanded the geographic area subject to the applicable surcharge for trips of single ride TNP vehicles and shared ride TNP vehicles.

Transaction Taxes

Transaction taxes include taxes on the transfer of real estate, the lease or rental of personal property, and the short-term lease of motor vehicles within the City. Transaction taxes increased by 42 percent between 2020 and 2021, primarily due to the increase of real property transactions and growth in non-possessory leases of certain cloud products. Transactions taxes decreased by 3 percent between 2022 and 2023, but increased by 10 percent between 2023 and 2024.

The transaction tax on real property transactions is imposed at a rate of \$3.75 per \$500 value of the transferred property. Fluctuations in the real property transfer tax generally track the broader economy as well as commercial and residential real estate activity.

Historically, the City had assessed a tax on companies for leasing software and computers that perform various business functions. Over time, companies have moved to accessing certain services through cloud applications and technology. The City increased the rate on non-possessory leases of certain cloud products to 7.25 percent effective January 1, 2020 and to 9.0 percent effective January 1, 2021 to match the tax for all personal property lease tax at 9.0 percent. Effective January 1, 2025, the City increased the tax to 11.0 percent. Effective, January 1, 2026, the City increased the tax to 15.0 percent.

Recreation Taxes

Recreation taxes include taxes on amusement activities and devices, liquor, the mooring of boats, cigarettes, cannabis, off-track betting and non-alcoholic beverages. Recreation taxes increased by 34 percent between 2020 and 2021 due to the reopening of business and live events as well as increased tourism and leisure activity as the City was recovering from the COVID-19 pandemic. As the economy has continued to recover and expand, recreation tax revenues have increased, including a 10 percent increase from 2022 to 2023 and a 3 percent increase from 2023 to 2024.

Amusement taxes apply to most large sporting events, theater and musical performances in the City. Amusement tax revenues vary significantly from year to year due to a variety of factors, including tourism and the cost of attending live performances and sporting events. The current amusement tax rate of 9.0 percent is applied to charges to view live theatrical, musical, or other cultural performances that take place in a venue with a capacity of more than 1,500 people; there is no amusement tax for live theatrical, live musical or other live cultural performances in venues with a capacity of 1,500 people or fewer. For all other types of amusement activities, the tax rate is 9.0 percent with the exception of amusements that are delivered electronically, such streaming services, which are taxed at a rate of 10.25 percent as of January 2025. Amusement tax revenue is impacted by any post-season play of Chicago sports teams; the popularity of certain shows and theater performances opening in Chicago; economic factors; rate changes; and phase-outs of certain special exemptions.

Liquor tax revenues have remained steady over the past few years. The liquor tax is imposed on the retail sale of alcoholic beverages. Historically, each wholesale dealer who sells to a retail dealer located in the City collected the tax and any such retail alcoholic beverage dealer in turn collects the tax from the retail purchaser. The tax rate differed based on the type of alcohol

and was volume-based (i.e., gallons per unit). However, effective March 2026, the City’s liquor tax for off-premise consumption changes. A 1.5% tax on the retail purchase price will be imposed on alcoholic beverages purchased in retail sale for consumption off the premises where such alcoholic beverages are sold. Each retailer of alcoholic beverages for consumption off the premises is required to collect the 1.5% tax from the purchaser at the time the sale is made. Wholesalers will discontinue charging the per gallon tax for alcoholic beverages. This new percentage-based tax replaces the per gallon tax that was previously in place. Only alcoholic beverages to be sold for on premises consumption will continue to be taxed on a per-gallon basis, with the distributors collecting and remitting from bars, restaurants, and other venues licensed to allow alcohol consumption on the premises.

Cigarette tax revenues have declined significantly over the past few years as cigarette purchases decreased. From 2020 to 2024, revenues declined a total of 36 percent. In 2016, the City started taxing liquid nicotine or “e-cigarettes.” The tax was raised in 2019. The tax has two parts: a \$1.20 per milliliter of consumable liquid and a \$1.50 per product unit. A product unit includes single-use e-cigarettes, replacement cartridges and bottles of e-liquid.

Business Taxes

The City’s business tax revenues currently consist of revenue from taxes on hotel accommodations, foreign fire insurance tax and the checkout bag tax. The City’s business taxes increased by 112 percent from 2020 to 2021, primarily driven by an increase in hotel occupancy due to the post-pandemic business recovery and the increased live events, tourism and leisure activity. As the hotel and hospitality sector has continued to recover and expand, the hotel tax revenues have continued to increase, including an 83 percent increase from 2021 to 2022 and a 13 percent increase from 2022 to 2023. The hotel tax revenue generated in 2024 (\$148.1 million) were 11% higher than the revenue generated in 2019 (\$133.7 million).

The City’s hotel tax receipts have historically benefited from growth in tourism and business travel, as well as changes to the tax rate and the implementation of a surcharge on vacation rentals and shared housing units. Effective December 2018, the hotel base rate is 4.5 percent of the gross rental or leasing charge. For vacation rentals and shared housing units, the City assesses a 6.0 percent surcharge in addition to the 4.5 percent base rate for a total City tax rate of 10.5 percent of the gross rental or leasing charge.

OTHER REVENUES

Other revenues consist of internal service, licenses and permits, fines, investment income, charges for services, municipal utilities, leases, rentals and sales, and miscellaneous revenues. The following TABLE 10. OTHER REVENUES sets forth the sources of other revenues for the years 2020 through 2024.

TABLE 10. OTHER REVENUES (FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)

	2020	2021	2022	2023	2024
Internal Service	\$ 444,572	\$ 385,557	\$ 486,636	\$ 518,492	\$334,841
Licenses and Permits	107,810	115,588	113,477	111,784	115,928
Fines	230,638	315,965	307,556	299,550	315,770
Investment Income	24,140	(4,963)	(84,211)	95,648	83,806
Charges for Services	375,545	391,211	459,113	479,622	472,646
Municipal Utilities	7,055	7,371	7,042	7,309	7,485
Leases, Rentals and Sales	11,303	15,477	26,182	15,624	16,742
Miscellaneous	122,308	125,532	103,936	135,708	144,627
TOTAL OTHER REVENUES¹	\$1,323,371	\$1,351,738	\$1,419,731	\$1,663,737	\$1,491,845

¹ Please note that the “Total Other Revenues” set forth above for years 2020 through 2024, inclusive, may be slightly inconsistent with the amounts shown in TABLE 5. GENERAL FUND - RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES because the amounts in Schedule A-1 of the respective City ACFRs exclude internal service adjustments for in-kind contributions that were included in Exhibit 4 of the respective City ACFRs and described in the notes to basic financial statements or in the required supplementary information for each City ACFR.

Sources: Respective City ACFRs, Schedule A-1, for 2020 through 2024. Totals may not sum due to rounding.

With the exception of “Investment Income,” “Municipal Utilities” and “Lease, Rentals and Sales” which are relatively small compared to related categories, the various categories of other revenues, including major revenue types within the categories, are described below.

Internal Service

Internal service revenues are transfers to the General Fund for services provided to other City funds and departments, such as police, fire and sanitation services provided to the City’s Enterprise Funds, and any payments received by the City from the Board of Education of the City of Chicago (“CBOE”) to reimburse the City for contributions made to MEABF (as hereinafter defined) on behalf of CBOE employees who are members of MEABF. The City did not receive a reimbursement of \$175 million for the contributions made to MEABF on behalf of CBOE employees who are members of MEABF, as previously expected, from CBOE prior to the end of the Fiscal Year 2024 revenue recognition period (i.e., the first two months of Fiscal Year 2025). The City and CBOE entered into an Intergovernmental Agreement effective as of October 31, 2025 (the “**Intergovernmental Agreement**”). Under the Intergovernmental Agreement, CBOE agreed to reimburse the City for contributions made to MEABF on behalf of CBOE employees who are members of MEABF from any and all TIF Surplus (as hereinafter defined) amounts that CBOE receives during calendar year 2026 that exceed \$379 million in TIF Surplus up to a total payment of \$175 million in two disbursements. The first disbursement will be made on or before March 30, 2026, comprising the entire TIF Surplus in excess of \$379 million that CBOE received prior to March 30, 2026. The second disbursement will be made no later than August 31, 2026 and will comprise the remaining value of the TIF Surplus in excess of \$379 million, received on or after March 30, 2026. The second disbursement may be reduced by up to \$8 million if a legally binding rescission of federal funding related to the Magnet Schools Assistance Program occurs

prior to August 31, 2026. See **“PENSION BENEFITS PROVIDED BY THE CITY – DETERMINATION OF CITY’S CONTRIBUTIONS.”**

Licenses and Permits

License- and permit-related revenue is generated through fees for business licenses, building permits, and various other licenses and permits. License and permit activity often reflects economic health, with more construction commencing and businesses starting up when the economy is strong.

Fines

Fines consist of fines, forfeitures and penalties, including parking tickets, red-light and speed camera tickets and fines for items such as building code violations. Increases in fine and penalty rates and improved debt collection have impacted overall fine, forfeiture and penalty revenues, but the COVID-19 pandemic affected revenues in 2020, including the implementation of a number of amnesty and payment plan initiatives in the midst of the COVID-19 pandemic. The fines and penalty revenues in 2024 (\$315.8 million) were slightly lower than the corresponding pre-pandemic revenues in 2019 (\$319.2 million).

Charges for Services

Revenues from charges for services are generated by charging for activities such as inspections, public information requests and other services for private benefit. In 2019, the State established a Ground Emergency Medical Transportation (**“GEMT”**) program as a federal funding opportunity to allow State agencies that provide emergency medical transportation service for Medicaid patients to receive supplemental reimbursement for unrecovered costs associated with serving those patients. The program allows the City to collect an additional Medicaid reimbursement for ambulance services, above and beyond what the State reimburses the City for Medicaid claims. GEMT collections for 2023 and 2024 were \$250.6 million and \$244.3 million, respectively.

Miscellaneous

Miscellaneous revenues include infrequent or one-time sources of revenues, such as insurance recoveries, settlements, and cash received from fund closeouts, as well as other revenues that do not fall into one of the revenue categories mentioned above, such as municipal marketing fees and tax increment financing (**“TIF”**) surpluses.

GENERAL FUND EXPENDITURES

Total General Fund expenditures totaled approximately \$4.8 billion in 2024, as shown in TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES.

Generally, the subcategories of total General Fund current expenditures described below (i.e., public safety, general government, and other current expenditures) have remained fairly consistent as a proportion of total General Fund expenditures from year to year.

PUBLIC SAFETY

Each year, the largest portion of General Fund expenditures is dedicated to public safety functions, among others, and includes departments such as CPD, CFD and OEMC. This also includes the activities of (i) the Department of Buildings, which ensures the safety of residential and commercial buildings in the City by enforcing design, construction and maintenance standards and promoting conservation and rehabilitation through permitting and inspection processes, and (ii) the Department of Business Affairs and Consumer Protection, such as business licensing and support and consumer protection activities. Public safety expenditures represent 58 percent of the General Fund current expenditures in 2024 and increased by \$174.4 million, or 7 percent, between 2023 and 2024.

GENERAL GOVERNMENT

General government expenditures support functions necessary to provide essential City services, including accounting and finance, contract management, human resources, legal advice, administrative services, vehicle and facilities maintenance, community services, City development, and technology and systems expertise. These expenditures accounted for 34 percent of General Fund current expenditures in 2024 and increased by \$529.2 million, or 47 percent, between 2023 and 2024.

OTHER CURRENT EXPENDITURES

The following TABLE 11. OTHER CURRENT EXPENDITURES sets forth the other current expenditures of the General Fund by function for the years 2020 through 2024.

TABLE 11. OTHER CURRENT EXPENDITURES (FISCAL YEARS 2020-2024) (\$ IN THOUSANDS)

	2020	2021	2022	2023	2024
Health	\$ 33,581	\$ 35,018	\$ 47,996	\$ 56,660	\$60,909
Streets and Sanitation	218,667	230,579	228,346	243,401	271,988
Transportation	51,884	55,212	33,851	33,788	48,234
Employee Pensions	1,443	--	154,000	425,661	--
Other	305	186	12,952	5,207	13,727
TOTAL OTHER CURRENT EXPENDITURES	<u>\$305,880</u>	<u>\$320,995</u>	<u>\$477,145</u>	<u>\$764,717</u>	<u>\$394,858</u>

Sources: Respective City ACFRs, Exhibit 4, for 2020 through 2024. Totals may not sum due to rounding.

With the exception of “Other” expenditures set forth in TABLE 11. OTHER CURRENT EXPENDITURES above, which is relatively small in amount, the categories of Other Current Expenditures are described below.

Health

Health expenditures support the operations of the City's Department of Public Health, including providing health education to residents, access to care, guiding public health initiatives and monitoring and inspecting food establishments.

Streets and Sanitation

Streets and sanitation expenditures support the operations of the Department of Streets and Sanitation, including garbage and recycling collection, sweeping and plowing of streets, graffiti removal, cleaning of vacant lots, demolition of garages, towing of illegally parked vehicles, abatement of rodents and planting, trimming and removal of trees.

Transportation

Transportation expenditures support the operations of the Department of Transportation. These funds are used to build, repair, and maintain streets, sidewalks, and bridges and complete the planning and engineering behind the City's transportation infrastructure. Much of the Department of Transportation's major infrastructure construction is funded through State and federal grants, general obligation bond financing, TIF revenues and other sources.

Employee Pensions

Generally, the General Fund does not recognize pension contribution expenditures as the City has a special revenue fund (the "**Pension Fund**") for that purpose. However, due to property tax bill delays in 2022 and 2023, the General Fund subsidized the Pension Fund in order to stabilize cashflows and avoid investment liquidation. In 2022, General Fund support amounted to approximately \$573.7 million, of which \$419.7 million was booked as Transfers Out while \$154.0 million was booked as "Employee Pensions" under the General Fund. In 2023, the City booked all property tax billing delays for approximately \$425.7 million under the General Fund's "Employee Pensions". A key reason for this approach was to demonstrate the City's support in stabilizing cashflows and to distinguish these contributions from supplemental contributions, which were booked as Transfers Out. In 2024, the General Fund did not recognize any pension contribution expenditures. See "**APPENDIX C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024.**"

CITY FUND STRUCTURE

OVERVIEW

The City organizes its activities by funds, each of which is accounted for separately. Each fund has a specific set of revenue sources, which are used to support a specific set of City services and functions. Descriptions of the City's eight major governmental funds and its special revenue and proprietary funds are set forth on the next page. See "**APPENDIX C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024.**"

TABLE 12. CITY FUND STRUCTURE

Fund	Purpose
GENERAL FUND	The General Fund is the City's general operating fund and supports essential City services and activities, such as police and fire protection, trash collection and public health programs. The General Fund also supports a portion of the City's share of pension contributions for its employees. General Fund revenues come primarily from a variety of local and intergovernmental taxes, fees and fines.
FEDERAL, STATE AND LOCAL GRANTS FUND	Grant funding, largely from the State and federal governments, makes up a significant and recurring source of revenue for the City and is used to provide a range of City services and certain capital improvements.
SPECIAL TAXING AREAS FUND	The Special Taxing Areas Fund accounts for expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas, including TIF Districts (as hereinafter defined).
SERVICE CONCESSION AND RESERVE FUND	Established in connection with the long-term lease/concession of City assets to create reserves for unexpected contingencies, emergencies or revenue shortfalls. These reserves are not included in the City's annual operating budget. See "OTHER BUDGET CONSIDERATIONS - BUDGET STABILIZATION FUND – Asset Lease and Concession Reserves" below.
BOND, NOTE REDEMPTION AND INTEREST FUND	Accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax and investment income.
COMMUNITY DEVELOPMENT AND IMPROVEMENT PROJECTS FUND	The Community Development and Improvement Projects Fund accounts for proceeds of debt used to acquire property, finance construction and finance authorized expenditures and supporting services for various activities.
STSC DEBT SERVICE FUND	The STSC Debt Service Fund accounts for the expenditures for principal and interest as provided by sales tax revenues.
PENSION FUND	The Pension Fund accounts for the City's contribution to the City's four Employees' Annuity and Benefit Funds as provided by the tax levy and other sources of revenue, including the allocable share from special revenue and proprietary funds.
SPECIAL REVENUE FUNDS	The City's special revenue funds (the "Special Revenue Funds") are used to account for revenue from specific sources that by law are designated to finance particular functions, such as road repair, snow removal, the library system, emergency management and special events and tourism promotion.
ENTERPRISE FUNDS	The City's proprietary funds (the "Enterprise Funds") include the water fund, the sewer fund and a separate fund for each of the City's major airports. These funds are self-supporting, since each fund derives its revenue from charges and associated user fees.

The revenue sources of the Federal, State and Local Grants Fund; the Community Development and Improvement Projects Fund; and the Enterprise Funds are restricted as to use by law, and the revenue sources of the Special Revenue Funds are largely dedicated to specific services and functions. The revenues from these funds are not otherwise available to pay for general Citywide expenses, including debt service on the City's general obligation bonds or notes

(including the Series 2026 Bonds) and the City's pension costs exceeding amounts properly allocable to the funds.

FEDERAL AND STATE GRANTS

Overview

As described in the Fiscal Year 2026 Annual Appropriation Ordinance (as defined herein), the City's Corporate Fund and Federal, State, and Local Grants Fund budgets are \$6.3 billion and \$3.9 billion, respectively. The City's total budget (including the Corporate Fund, Federal State, and Local Grants Fund as well as the Enterprise Funds, Pension Fund, Special Revenue Funds, and Debt Service Funds) for Fiscal Year 2025 is \$16.8 billion. The Fiscal Year 2026 Annual Appropriation Ordinance estimates federal grant revenues (including American Rescue Plan Local Fiscal Recovery Fund, Community Development Block Grants, and COVID-19 Recovery Funds) to be approximately \$3.0 billion (77% of the City's total grant funds and 18% of the City's total Fiscal Year 2026 budget), including \$1.5 billion in carryover balances from current federal grants and \$1.5 billion in new federal grants.

The City reviews grant programs during the annual budget process to determine their cost-effectiveness and alignment with City goals, including public safety, public health, and housing among other categories. The appropriation of grant funds is authorized annually by City Council for the designated City departments and agencies to spend up to the amount appropriated for the purposes specified in the individual contractual agreements with federal, state, local, and private agencies subject to approval by the Budget Director.

Potential Factors Affecting Federal and State Grants, Including Federal Immigration Law

Since January 20, 2025, the federal government has issued a series of executive orders and other policy documents and notices which could adversely impact federal grant revenues payable to the City, including terminating grants due to the City's alleged failure to comply with federal immigration law (as further described below). The City has conducted a risk assessment of City departments and agencies to determine where impacts may be most concentrated and the potential impacts on the City's financial position. The City's risk assessment identified, among other potential exposures, at least two types of potential financial exposure related to grant funding. The first is exposure related to the elimination of certain grant programs and/or reduction in grant amounts either at the federal or state-level, which includes the possibility that the City becomes ineligible to apply for certain grants because of changing qualification criteria, unexpected changes in compliance requirements, or other reasons. The second is exposure related to non-reimbursement and/or delay in reimbursement for funds that have already been expended.

As of January 2026, the amounts expected to be reimbursed to the City from the federal government related to federal grants total approximately \$300 million, which is consistent with historical levels. Substantiating compliance with contract terms as a condition of requesting reimbursement often leads to delays in requesting and receiving reimbursements as part of the standard compliance process. Because the City expends funds from the Federal, State, and Local Grant Fund that are expected to be reimbursed, the City is actively monitoring its accounts receivable for unusual delays in the standard reimbursement process as a result of federal actions.

Unusual delays in reimbursement could have a negative impact on the City's cash flow. Non-reimbursement by the federal government could have a potential negative impact on Corporate Fund expenditure performance if such non-reimbursement is upheld by a court and the disallowed expenses have to be transferred to the Corporate Fund. The City has established a centralized and coordinated response to address these risks and is actively monitoring the outcome of current litigation.

On February 6, 2025, the United States, through the U.S. Department of Justice (“DOJ”), sued the State, Cook County and the City, alleging that certain State, Cook County and City laws are preempted by federal immigration statutes and unlawfully regulate and discriminate against the federal government, and should therefore be ruled invalid by the court. On July 25, 2025, the district court granted the defendants' motion to dismiss the lawsuit. DOJ has filed a notice of appeal. The City will vigorously defend its challenged ordinance on appeal. Certain executive orders and other policy announcements by the federal government have also asserted an intention to condition and terminate grants given to jurisdictions which allegedly violate federal immigration law in their ordinances, practices, or rules. It is uncertain whether these attempts to condition and terminate grants will be upheld when challenged.

Legislative proposals which could restrict eligibility for federal grants have also been introduced in Congress. The likelihood of such proposals being enacted cannot be determined at this time. It is also not possible at this time to predict the impact such executive orders, other policy documents, notices, legislative proposals if enacted or other potential factors affecting Federal and state grants, when taken individually or as a whole, will have on the City's economy and budgets, but any such impact may be significant. To the extent that such potential factors result in material reductions of federal grant revenues and have a materially negative impact on programming and services, the City expects to review such programming and services as part of its annual budget process; any such impacted programming or services may or may not continue.

OTHER BUDGET CONSIDERATIONS

OTHER FINANCING SOURCES (USES)

Other Financing Sources (Uses) recorded in the General Fund include Residual Sales Tax Revenues received from STSC in 2024 in the amount of \$476.8 million. See “– **General Fund Revenues – Sales Taxes**” above.

Other Financing Sources (Uses) recorded in the General Fund for 2024 also include a transfer from the Pension Fund in the amount of \$27.1 million. Property tax collections from prior tax levy years that were recorded as revenues within the Pension Fund for U.S. generally accepted accounting principles and budgetary purposes were transferred to the General Fund for assignment as future pension contributions.

Other Financing Sources (Uses) recorded in the General Fund also include transfers to the Pension Fund for the annual required pension contribution as well as a supplemental contribution. In 2024, transfers to the Pension Fund for the annually required contribution and the supplemental contribution were \$542.3 million and \$259.5 million, respectively. See “**PENSION BENEFITS PROVIDED BY THE CITY.**”

Other Financing Sources (Uses) recorded in the General Fund periodically include transfers to the Debt Service Fund for annual required debt service payments. In 2024, the transfer to the Debt Service Fund was \$51.1 million.

Total Other Financing Sources (Uses) were \$340.2 million in 2024, as shown in TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES.

BUDGET STABILIZATION FUND

The City’s policy is to maintain sufficient unrestricted fund balances to mitigate current and future risks, emergencies, or unanticipated budget shortfalls. As part of its financial and budget practices, the City establishes and maintains three sources of the unrestricted budgetary fund balance, referred to collectively as Budget Stabilization Fund or fund balance: (i) Asset Lease and Concession Reserves, (ii) Operating Liquidity Fund and (iii) Unassigned Fund Balance. Current City policy states that the City will maintain an unrestricted budgetary fund balance equivalent to no less than two months of Corporate Fund operating expenses.

In 2024, the City had a combined Budget Stabilization Fund amount of \$687.8 million. This amount was not in excess of the amount indicated by the City’s policy of maintaining two months of Corporate Fund expenditures in 2024, which totaled \$808.1 million. TABLE 13. TOTAL BUDGET STABILIZATION FUNDS below shows combined Budget Stabilization Funds for the preceding 5 years.

TABLE 13. TOTAL BUDGET STABILIZATION FUNDS (FISCAL YEARS 2020-2024) (\$ IN MILLIONS)

<u>Year-End Balance</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Asset Lease and Concession Reserves	\$753.3	\$729.7	\$622.8	\$623.3	\$637.8
Operating Liquidity Fund	30.0	50.0	50.0	50.0	50.0
Unassigned Fund Balance	196.7	318.1	307.3	226.6	---
TOTAL BUDGET STABILIZATION FUNDS	<u>\$980.0</u>	<u>\$1,097.8</u>	<u>\$980.1</u>	<u>\$899.9</u>	<u>\$687.8</u>

Sources: Respective City ACFRs for 2020 through 2024. Totals may not sum due to rounding.

Asset Lease and Concession Reserves

The City established long-term reserves of \$500 million and \$400 million, respectively, with proceeds of the upfront payments from the long-term lease of the Chicago Skyway (“**Skyway Lease**”) and the long-term concession for the City’s metered parking system (“**Metered Parking System Concession**”). See “– LONG-TERM LEASES, CONCESSIONS OF CITY FACILITIES” below.

Interest earnings on the long-term reserves have been used for City operating expenses. The 2024 year-end aggregate balance of the long-term reserves was approximately \$637.8 million.

Operating Liquidity Fund

In 2016, the City created the Operating Liquidity Fund for purposes of fiscal management. The City has set aside a portion of the assigned fund balance since 2015 for the Operating Liquidity Fund, which is reflected in the City CAFR/ACFR in the assigned fund balance. The City appropriated the balance of the Operating Liquidity Fund as part of the 2021 Budget. However, following the receipt of federal funds and strong recovery in revenues, the Operating Liquidity Fund balance was not drawn. In 2021, the City assigned an additional \$20 million to the Operating Liquidity Fund, bringing the total balance to \$50 million. The \$20 million assignment represents an annual assignment of \$5 million per year for the years 2020 to 2023.

Unassigned Fund Balance

Surplus resources that are not assigned for a specific purpose or otherwise restricted make up the unassigned fund balance. Current City policy states that the City will appropriate no more than 1 percent of the value of the annual corporate budget from the prior year's audited unassigned fund balance in the current year's budget.

CAPITAL IMPROVEMENTS

The City's 2025-2029 Five Year Capital Improvement Program ("CIP") Report was published in November 2025 and is available to the public. The CIP provides an outline of the City's five-year plan for improving, modernizing, replacing, and extending the useful life of the City's infrastructure.

The CIP is published on an annual basis but is subject to change throughout the year based on the ever-changing nature of infrastructure needs and funding sources.

The CIP is not intended to be an all-inclusive inventory of the City's capital needs for the upcoming five years. Instead, the CIP is a "blueprint" based on current resource projections and project priorities.

CITY WORKFORCE

Personnel-related expenditures, including salaries and wages, pensions, healthcare, overtime pay, workers' compensation and unemployment compensation, account for roughly 80 percent of total Corporate Fund expenditures in recent years and are one of the largest drivers of expense growth.

The City's workforce of budgeted full-time equivalent positions ("FTEs") has ranged from approximately 34,129 to 36,807 over the past ten fiscal years and the average over that same time period was approximately 35,680. As of the end of fiscal year 2024, the number of FTEs was 36,807. The number of FTEs has increased each year for the past 10 years by an average of 0.9 percent annually (which includes fiscal year 2021 in which there was a five percent decrease from 2020). While the number of FTEs has generally increased from year to year and resulted in higher personnel-related costs, the driver of the City's overall personnel-related costs are contractual and prevailing wage increases and growing pension contributions. As part of the 2026 budget, the City is continuing its targeted hiring freeze, which began in August 2025 and is expected to result in

approximately \$50 million in savings for fiscal year 2026. Exceptions to the hiring freeze include positions related to public safety, revenue generation, legislation, elections, consent decrees, information technology, mental health services, litigation, and other administrative exceptions.

The increase in personnel expenses is primarily due to salary increases resulting from contractual obligations under collective bargaining agreements (“**CBAs**”). Approximately 90 percent of the City’s workforce is represented by unions covered by CBAs. Moreover, the relative proportion of union positions has increased over the past 10 years. The City has CBAs with more than 40 different unions. The CBAs with each of these unions include regular salary increases for the covered employees, resulting in higher personnel costs each year.

The term of the current CBA between the City and the Chicago John Dineen Lodge No. 7 (formerly known as the Fraternal Order of Police (“**FOP**”)) commenced July 1, 2017 and expires June 30, 2027. The current CBA includes a 31.5 - 35.5 percent wage increase, depending on the U.S. City Average CPI-U, from July 1, 2017 – January 1, 2027, of which 15.5 percent was retroactive. Wage increases are issued according to the schedule in TABLE 14. BASE SALARY INCREASES BY YEAR IN FOP CBA below.

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TABLE 14. BASE SALARY INCREASES BY YEAR IN FOP CBA

Date	Base Salary Increase
July 1, 2017	1.00%
January 1, 2018	2.25
January 1, 2019	2.25
January 1, 2020	2.50
January 1, 2021	2.50
January 1, 2022	2.50
January 1, 2023	2.50
January 1, 2024*	5.00 (up from 2.5)
January 1, 2025*	5.00 (up from 2.0)
January 1, 2026**	3.00 – 5.00
January 1, 2027**	3.00 – 5.00
TOTAL	31.5 - 35.50%

*In 2021, the City Council approved a 2.5% and 2.0% wage increase for 2024 and 2025, respectively.

**In these years, the percentage increase varies depending upon the U.S. City Average CPI-U. If the CPI-U is 5% or more, then the percentage increase will be 5%. If it is between 3% and 5%, the percentage increase will be equal to the CPI-U, rounded to the nearest tenth of one percent. If it is 3% or less, the percentage increase will be 3%. The June CPI-U released in July of the preceding year will be used to determine the percentage increases in 2026 and 2027.

The City has a CBA with the Chicago Fire Fighters Union, Local 2 (“**Local 2**”) for the period of July 1, 2021 – June 30, 2027, which provides for salary increases ranging from 21 - 25 percent*, depending on the US City Average CPI-U, over the six-year term of the agreement. The City also has CBAs with the Coalition of Unionized Public Employees (“**COUPE**”) and with the American Federation of State, County, and Municipal Employees (“**AFSCME**”), each for the period of July 1, 2022 - June 30, 2027; each agreement provides for salary increases ranging from 18.25 - 24.5 percent*, depending on the US City Average CPI-U, over the five-year term of the respective agreement. For each of the expired CBAs shown in the table on the next page, the City is currently in negotiations with the relevant union for a successor agreement; the provisions of the expired CBAs remain in effect during these negotiations.

*In 2026 and 2027 (with respect to the Local 2 CBA) and in 2024, 2025 and 2026 (with respect to the COUPE and AFSCME CBAs), the percentage increase varies depending upon the U.S. City Average CPI-U. If the CPI-U is 5% or more, then the percentage increase will be 5%. If it is between 3% and 5%, the percentage increase will be equal to the CPI-U, rounded to the nearest tenth of one percent. If it is 3% or less, the percentage increase will be 3%. The June CPI-U released in July of the preceding year will be used to determine the percentage increases in each respective year.

TABLE 15. COLLECTIVE BARGAINING AGREEMENTS

Bargaining Unit	Current CBA Expiration Date	Previous CBA Expiration Date
COUPE (Coalition of Unionized Public Employees) ¹	June 30, 2027	June 30, 2022
AFSCME, Council 31 (American Federation of State, County, and Municipal Employees, Council 31)	June 30, 2027	June 30, 2022
Public Safety Employees Union Unit II	June 30, 2027	June 30, 2022
ICOP (Illinois Council of Police – Aviation Security Sergeants)	June 30, 2027	June 30, 2022
ICOP (Illinois Council of Police – Aviation Surveillance Specialists)	June 30, 2027	n/a
Teamsters, Local 700—Supervising Police Communications Operator (SPCO)	June 30, 2027	June 30, 2022
Teamsters, Local 700—Shift Supervisor of Security Communications Center (SSSCC)	June 30, 2027	June 30, 2022
Teamsters, Local 743—Nurses	June 30, 2027	June 30, 2022
INA (Illinois Nurses Association)	June 30, 2027	June 30, 2022
FOP, Lodge #7 (Fraternal Order of Police)	June 30, 2027	June 30, 2017
CFFU, Local 2 (Chicago Fire Fighters Union)	June 30, 2027	June 30, 2021
PBPA—Sergeants (Policemen’s Benevolent and Protective Association)	June 30, 2022	June 30, 2016
PBPA—Lieutenants	June 30, 2022	June 30, 2016
PBPA—Captains	June 30, 2022	June 30, 2016

¹ COUPE is a coalition comprised of 30 individual trade collective bargaining units, each of which has its own collective bargaining agreement with the City. The expiration date for all 30 units is the same.

PROPERTY TAXES

The City levies *ad valorem* real property taxes pursuant to its authority as a home rule unit of local government under the Illinois Constitution. Real property taxes represent the single largest revenue source for the City. As part of the City’s budget process each year, the City determines the aggregate property tax levy that will be levied in the next fiscal year and collected in the following year.

Equalized Assessed Valuation and Property Taxes

The City’s aggregate property tax levy is divided by the equalized assessed value (“**Equalized Assessed Valuation**” or “**EAV**”) of all property in the City to determine the tax rate that will be applied to an individual taxpayer’s property. The tax rate is applied to the EAV of the taxpayer’s property to determine the tax bill. Changes in EAV do not affect the amount of the City’s property tax revenue because the City’s property taxes are levied at a flat dollar amount. For information on real property assessment, tax levy and tax collection in Cook County, see “**APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES.**”

The following TABLE 16. ASSESSED, EQUALIZED ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY and TABLE 17. PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES present statistical data regarding the City's property tax base, tax rates, tax levies and tax collections from 2015 forward.

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TABLE 16. ASSESSED, EQUALIZED ASSESSED AND ESTIMATED VALUE
OF ALL TAXABLE PROPERTY (2015-2024) (\$ IN THOUSANDS EXCEPT FOR “TOTAL DIRECT TAX RATE”)

Tax Levy Year ²	Assessed Value ¹					State Equalization Factor ⁷	TOTAL EQUALIZED ASSESSED VALUE ⁸	TOTAL DIRECT TAX RATE ⁸	TOTAL ESTIMATED FAIR CASH VALUE ^{9,10}	TOTAL EQUALIZED ASSESSED VALUE AS A PERCENTAGE OF TOTAL ESTIMATED FAIR CASH VALUE ¹⁰
	Class 2 ³	Class 3 ⁴	Class 5 ⁵	Other ⁶	TOTAL					
2015	\$17,296,324	\$1,532,714	\$11,269,605	\$592,903	\$30,691,546	2.6685	\$70,963,289	\$1.672	\$278,027,604	25.52%
2016	17,191,167	1,598,117	11,369,258	603,849	30,762,391	2.8032	74,016,506	1.752	293,121,793	25.25
2017	17,169,637	1,844,745	11,431,099	524,639	30,970,120	2.9627	76,765,303	1.770	306,074,351	25.08
2018	19,759,176	2,329,709	13,321,105	598,848	36,036,746	2.9109	86,326,179	1.676	323,201,137	26.71
2019	19,705,845	2,552,750	13,908,306	668,850	36,833,751	2.9160	87,816,177	1.724	335,856,711	26.15
2020	17,874,896	2,657,697	13,139,430	660,097	34,332,120	3.2234	89,524,130	1.720	334,792,009	26.74
2021	21,394,731	3,284,731	15,064,489	774,983	40,518,934	3.0027	96,913,881	1.685	358,461,809	27.04
2022	21,281,457	3,512,465	15,809,938	784,594	41,388,454	2.9237	96,891,179	1.761	388,365,020	24.95
2023	21,188,366	3,644,312	15,771,105	756,315	41,360,098	3.0163	99,645,244	1.741	N/A	N/A
2024 ¹⁰	N/A	N/A	N/A	N/A	N/A	3.0355	109,814,786	1.615	N/A	N/A

¹ Source: Cook County Assessor’s Office. Excludes the portion of the City in DuPage County. Totals may not sum due to rounding.

² Taxes for each year become due and payable in the following year. For example, taxes for the 2024 tax levy became due and payable in 2025.

³ Residential, six units and under.

⁴ Residential, seven units and over, and mixed use.

⁵ Industrial/commercial.

⁶ Vacant, not-for-profit and industrial/commercial incentive classes. Includes railroad and farm property.

⁷ Source: Illinois Department of Revenue. See “**APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES.**”

⁸ Source: Cook County Clerk’s Office. Excludes portion of the City in DuPage County and net of exemptions. Calculations also include assessment of pollution control facilities.

⁹ Source: The Civic Federation. Excludes railroad property, and the portion of the City in DuPage County. Totals may not sum due to rounding.

¹⁰ N/A means not available at time of publication of this Official Statement.

TABLE 17. PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND
ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES (2016-2025) (\$ IN THOUSANDS)

Tax Levy Year ¹	Total Tax Levy for Fiscal Year ^{2 3}	Collections Within Fiscal Year		Collections In Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Percentage of Levy		Amount	Percent of Total Tax Collections to Tax Levy		
2016	1,296,899	1,271,653	98.1	(5,914)	1,265,739	97.6	31,160	--
2017	1,358,882	1,329,373	97.8	(12,310)	1,317,063	96.9	41,819	--
2018	1,446,971	1,421,812	98.3	(25,976)	1,395,836	96.5	51,135	--
2019	1,514,102	1,472,881	97.3	(727)	1,472,154	97.2	41,948	--
2020	1,539,811	1,484,128	96.4	16,988	1,501,116	97.5	38,695	348
2021	1,633,162	1,205,972	73.9	403,456	1,609,428	98.5	23,734	348
2022	1,706,424	1,642,701	96.3	40,091	1,682,792	98.6	23,207	425
2023	1,725,608	1,684,165	97.1	19,969	1,704,134	98.2	30,246	617
2024 ⁴	1,773,557	1,482,177	--	--	1,482,177	83.6	282,639	8,741
2025 ⁵	1,806,839						72,274	1,734,565

¹ Taxes for each year become due and payable in the following year. For example, taxes for the 2025 tax levy become due and payable in 2026.

² Does not include levy for Special Service Areas and TIF Projects.

³ Does not include the levy for the Schools Building and Improvement Fund, which is accounted for in an agency fund.

⁴ Estimate; actual was not available from Cook County Clerk's Office at time of publication of this Official Statement. While a portion of the taxes for Tax Levy Year 2024 have not yet been collected, much of the first installment has been collected. The first installment of Tax Levy Year 2024 was due on March 4, 2025 and was 55% of the total levy for Tax Levy Year 2024. The second installment was due on December 15, 2025.

⁵ Estimate; actual was not available from Cook County Clerk's Office at time of publication of this Official Statement.

Sources: Respective City CAFRs for 2016 through 2019; Respective City ACFRs for 2020 through 2024; City of Chicago Department of Finance for 2025. Totals may not sum due to rounding.

Use of City Property Tax Levy

Revenue from the City's property tax levy has been used primarily to pay the City's general obligation debt service and employer pension contributions. A small amount of the property tax levy is allocated to the library system.

The amounts and tax rates of the City's property tax levy for debt service and employer pension contribution by Retirement Fund (as hereinafter defined) are set forth in the following TABLE 18. PROPERTY TAX LEVIES and TABLE 19. PROPERTY TAX RATES PER \$100 OF EQUALIZED ASSESSED VALUATION for the years indicated.

TABLE 18. PROPERTY TAX LEVIES (2021-2024) (\$ IN THOUSANDS)

	2021	% Change	2022	% Change	2023	% Change	2024	% Change
USES OF PROPERTY TAX LEVIES ¹								
Note Redemption and Interest ²	\$ 119,356	--%	\$ 119,356	--%	\$ 119,356	--%	\$ 122,026	2.23%
Bond Redemption and Interest	124,804	(71.31)	175,205	40.38	203,168	15.96	239,668	17.97
PABF ³	801,427	35.23	813,518	1.51	813,518	--	813,518	--
						--	175,416	--
MEABF ³	172,157	38.05	175,416	1.89	175,416			
FABF ³	359,457	39.82	366,968	2.09	366,968	--	366,968	--
LABF ³	55,961	405.52	55,961	--	55,961	--	55,961	--
TOTAL	<u>\$1,633,162</u>	<u>6.06%</u>	<u>\$ 1,706,424</u>	<u>4.49%</u>	<u>\$1,734,387</u>	<u>1.64%</u>	<u>\$1,773,557</u>	<u>2.26%</u>

¹ Does not include the levy for the School Building and Improvement Fund, which is accounted for in an agency fund.

² Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.

³ For information regarding the City's unfunded pension obligations, see "PENSION BENEFITS PROVIDED BY THE CITY – FUNDED STATUS OF THE RETIREMENT FUNDS."

Source: Cook County Clerk's Office. Totals may not sum due to rounding.

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TABLE 19. PROPERTY TAX RATES PER \$100 OF EQUALIZED ASSESSED VALUATION (2015-2024)

Tax Levy Year	Tax Extension (\$ in thousands) ^{1,2}	Bond, Note Redemption and Interest ³	Policemen's Annuity and Benefit	Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	TOTAL
2015	1,186,625	0.717817	0.510054	0.175716	0.252815	0.015598	1.672
2016	1,296,899	0.690240	0.615146	0.168467	0.263192	0.014955	1.752
2017	1,358,882	0.677060	0.639138	0.162434	0.276949	0.014419	1.770
2018	1,446,971	0.627160	0.633142	0.144445	0.258431	0.012822	1.676
2019	1,514,102	0.597399	0.629577	0.202914	0.261224	0.032886	1.724
2020	1,539,811	0.619162	0.662014	0.139299	0.287160	0.012365	1.720
2021	1,633,162	0.251911	0.826865	0.177621	0.370866	0.057737	1.685
2022	1,706,424	0.303982	0.839536	0.181026	0.378705	0.057751	1.761
2023	1,734,387	0.323640	0.816333	0.176023	0.368238	0.056155	1.741
2024	1,773,557	0.329353	0.740769	0.159730	0.334152	0.050957	1.615

¹ Does not include levy for Special Service Areas, and net of collections for TIF Districts.

² Does not include levy for the Schools Building and Improvement Fund, which is accounted for in an agency fund.

³ Includes rates from the Chicago Public Library Bond, Note Redemption and Interest Fund.

Source: Cook County Clerk's Office. Totals may not sum due to rounding.

See "PENSION BENEFITS PROVIDED BY THE CITY – DETERMINATION OF CITY'S CONTRIBUTIONS."

The City is one of several taxing districts reflected on a City resident's property tax bill. The amount of property taxes collected by Cook County is divided among these districts. For information on property taxes levied on real property within the City by overlapping taxing districts, see "– **Overlapping Taxing Districts**" below.

TIF Districts

In addition to the revenues the City receives from its general property tax levy, the City derives property tax revenue from the City's TIF redevelopment project areas ("**TIF Districts**"). TIF revenue must be used for specific types of expenses in specific districts and is not available for non-specified governmental uses. The City's TIF program began in 1984 with the goal of promoting business, industrial, and residential development in areas of the City that struggled to attract or retain housing, jobs, or commercial activity. The program is governed by a State law that allows municipalities to capture property tax revenues derived from the EAV growth above the base EAV that existed before an area was designated as a TIF District for the term of the TIF District, and to use that money (the tax increment) for job training, public improvements and incentives to attract private investment to the area.

When a TIF District ends, or the City, under certain circumstances, declares a surplus in the TIF District, the City returns the surplus funds to the Cook County Treasurer for distribution to the overlapping taxing districts based upon each district's share of the aggregate tax rate under the applicable tax code (such amount, a "**TIF Surplus**"). Such surplus declaration occurs typically during the City's annual budget process.

Additionally, beginning in mid-2015, the City froze spending on new projects other than critical infrastructure in seven downtown TIF Districts. In 2023, in one of the downtown TIF Districts, the City began accepting applications for private redevelopment projects as part of its LaSalle Reimagined program. The City plans to declare as surplus, annually or otherwise as permitted by law, all revenue not needed for current and committed projects in those TIF Districts.

Set forth in the following TABLE 20. TIF SURPLUS is information about the amount of money returned to taxing districts from declared surplus or the expiration, repeal or termination of TIF Districts from 2020 through 2024 returned and the amount of money expected to be returned to taxing districts from surplus or the expiration, repeal or termination of TIF Districts in 2025.

TABLE 20. TIF SURPLUS (TAX LEVY YEARS 2020-2025) (\$ IN MILLIONS)

	2020	2021	2022	2023	2024	2025
Declared	\$294.6	\$300.7	\$223.2	\$375.7	\$420.1	\$485.7
Expiration	2.6	3.3	47.1	7.3	14.4	85.1
Termination	3.0	--	1.3	12.0	--	--
TOTAL	<u>\$300.2</u>	<u>\$304.0</u>	<u>\$271.6</u>	<u>\$395.0</u>	<u>\$434.5</u>	<u>\$570.8</u>

Note: Totals may not sum due to rounding. The figure for 2025 is an estimate and is expected to be finalized in or about March 2026.

Upon the expiration, repeal or termination of TIF Districts, the incremental EAV of the district becomes a part of the aggregate EAV that is available to all overlapping taxing districts. Taxing districts, including the City, have the ability to recover their portion of the revenue from the incremental EAV by adding it to their levy following a TIF District's dissolution; this is considered to be "New Property" for levy purposes.

This practice yielded incremental EAV available to the City from 2020 through 2025 as set forth in TABLE 21. EXPIRED TIF DISTRICTS AND RECOVERED INCREMENTAL EAV below. The incremental EAV associated with a TIF expiration is typically recovered the year after expiration. The City is expected to continue to benefit from this "New Property" levy increase on an annual basis as TIF Districts are repealed, terminated or expire. The City has allowed 34 TIF Districts to expire from 2020 through 2025.

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TABLE 21. EXPIRED TIF DISTRICTS AND ESTIMATED RECOVERED INCREMENTAL EAV (2020-2025)
(\$ IN MILLIONS)

	2020	2021	2022	2023	2024	2025
Expired TIF Districts	4	3	7	3	13	8
Estimated Incremental EAV Recovered by the City	\$59.9	\$531.5	\$410.1	\$166.5	\$1,333.8	\$1,244.7

Overlapping Taxing Districts

Various governmental entities operate as separate, independent units of government and have authority to issue bonds and levy taxes on real property within the City. The major governmental entities, or overlapping taxing districts, are the CBOE; Cook County; Metropolitan Water Reclamation District of Greater Chicago (“**MWRD**”); the Park District; Community College District No. 508, County of Cook and State of Illinois (“**City Colleges**”); and the Forest Preserve District of Cook County (“**Forest Preserve**”).

These governmental entities, other than Cook County, lack home rule status; accordingly, the amount by which they can increase their annual property tax levy is limited by tax cap legislation unless they obtain voter approval or State legislative authorization. The City can give no assurance as to whether, and to what extent, property taxes levied by overlapping taxing districts may increase in coming years.

The combined property tax rates of the City and overlapping taxing districts are set forth in TABLE 22. COMBINED PROPERTY TAX RATES OF THE CITY AND OTHER MAJOR GOVERNMENTAL UNITS PER \$100 OF EQUALIZED ASSESSED VALUATION for the years 2015 to 2024.

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TABLE 22. COMBINED PROPERTY TAX RATES OF THE CITY AND OTHER MAJOR GOVERNMENTAL UNITS PER \$100 OF EQUALIZED ASSESSED VALUATION (2015-2024)

Tax Levy Year	City ¹	City of Chicago School Building & Improvement Fund	CBOE	City Colleges	Park District ²	MWRD	Forest Preserve District of Cook County	Cook County	TOTAL
2015	1.672	0.134	3.455	0.177	0.382	0.426	0.069	0.552	6.867
2016	1.752	0.128	3.726	0.169	0.368	0.406	0.063	0.533	7.145
2017	1.770	0.124	3.890	0.164	0.358	0.402	0.062	0.496	7.266
2018	1.676	0.136	3.552	0.147	0.330	0.396	0.060	0.489	6.786
2019	1.724	0.169	3.620	0.149	0.326	0.389	0.059	0.454	6.890
2020	1.719	0.166	3.656	0.151	0.329	0.378	0.059	0.453	6.911
2021	1.685	0.153	3.517	0.145	0.311	0.382	0.058	0.446	6.697
2022	1.761	0.153	3.757	0.155	0.323	0.374	0.081	0.431	7.035
2023	1.741	0.143	3.829	0.158	0.318	0.345	0.075	0.386	6.995
2024	1.615	0.130	3.631	0.149	0.294	0.340	0.069	0.390	6.618

¹ Includes the tax rates of both the City and the Chicago Public Library.

² Includes the tax rates of the Park District and the Park District's Aquarium and Museum Bond Fund.

Source: Cook County Clerk's Office. Totals may not sum due to rounding.

The aggregate long-term general obligation debt of the City and the bonded debt of the overlapping taxing districts as of December 31 of the years 2015 through 2024 are set forth below. The debt numbers for Cook County, the Forest Preserve and MWRD include only a portion of the long-term general obligation debt of such entities and were calculated on a per capita basis based on the percentage of the population that lives in Chicago.

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TABLE 23. LONG-TERM GENERAL OBLIGATION DEBT OF THE CITY AND BONDED DEBT OF OVERLAPPING TAXING DISTRICTS
(AS OF DECEMBER 31, 2015-2024) (\$ IN THOUSANDS, EXCEPT “NET DIRECT LONG-TERM DEBT PER CAPITA”)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OVERLAPPING LONG-TERM DEBT ¹										
CBOE ²	\$ 6,152,448	\$ 6,778,084	\$ 8,179,138	\$ 8,409,348	\$ 8,156,011	\$ 7,958,874	\$ 8,179,989	\$ 8,430,596	\$ 9,309,714	\$9,083,806
Park District	840,460	863,580	821,000	827,500	799,840	835,715	853,405	831,290	870,290	862,795
City Colleges	245,995	241,830	315,560	321,437	314,798	309,378	303,393	297,225	290,744	290,232
Cook County ³	1,702,207	1,670,215	1,595,048	1,456,892	1,526,293	1,358,815	1,248,708	1,243,392	1,098,396	965,964
Forest Preserve ³	85,372	85,253	77,873	76,838	81,849	73,065	60,472	54,134	45,843	37,670
MWRD ³	1,370,699	1,594,027	1,418,606	1,458,129	1,551,984	1,442,560	1,445,493	1,479,716	1,343,215	1,371,466
NET OVERLAPPING LONG-TERM DEBT	<u>\$ 10,397,181</u>	<u>\$ 11,232,989</u>	<u>\$ 12,407,225</u>	<u>\$ 12,550,144</u>	<u>\$ 12,430,777</u>	<u>\$ 11,978,407</u>	<u>\$12,091,460</u>	<u>\$ 12,336,353</u>	<u>\$ 12,958,202</u>	<u>\$12,611,933</u>
DIRECT LONG-TERM DEBT										
City General Obligation Bonds	<u>\$ 9,041,892</u>	<u>\$ 8,943,914</u>	<u>\$ 9,609,625</u>	<u>\$ 8,135,257</u>	<u>\$ 8,162,338</u>	<u>\$ 7,093,076</u>	<u>\$ 6,346,707</u>	<u>\$ 6,246,713</u>	<u>\$ 5,586,678</u>	<u>\$5,361,884</u>
NET DIRECT LONG-TERM DEBT	<u>\$ 9,041,892</u>	<u>\$ 8,943,914</u>	<u>\$ 9,609,625</u>	<u>\$ 8,135,257</u>	<u>\$ 8,162,338</u>	<u>\$ 7,093,076</u>	<u>\$ 6,346,707</u>	<u>\$ 6,246,713</u>	<u>\$ 5,586,678</u>	<u>\$5,361,884</u>
NET DIRECT AND OVERLAPPING LONG-TERM DEBT	<u>\$ 19,439,073</u>	<u>\$ 20,176,903</u>	<u>\$ 22,016,850</u>	<u>\$ 20,685,401</u>	<u>\$ 20,593,115</u>	<u>\$ 19,071,483</u>	<u>\$18,438,167</u>	<u>\$ 18,583,066</u>	<u>\$ 18,544,880</u>	<u>\$17,973,817</u>
NET DIRECT LONG-TERM DEBT PER CAPITA	<u>\$7,211</u>	<u>\$7,485</u>	<u>\$8,168</u>	<u>\$7,674</u>	<u>\$7,640</u>	<u>\$6,944</u>	<u>\$6,714</u>	<u>\$6,766</u>	<u>\$6,752</u>	<u>\$6,545</u>
TOTAL ESTIMATED FAIR CASH VALUE ⁵	<u>\$278,027,604</u>	<u>\$293,121,793</u>	<u>\$306,074,351</u>	<u>\$323,201,137</u>	<u>\$335,856,711</u>	<u>\$334,792,009</u>	<u>\$358,461,809</u>	<u>\$388,365,020</u>	<u>\$406,377,532</u>	<u>N/A</u>
RATIO OF LONG-TERM DEBT TO FAIR CASH VALUE	6.99%	6.88%	7.19%	6.40%	6.13%	5.70%	5.14%	4.78%	4.56%	N/A

¹ Source of debt of overlapping taxing districts: Data from the respective districts. Table includes certain governmental entities that operate as separate, independent units of government and have the authority to issue bonds and levy taxes on real property within the City. The net direct long-term debt amount provided by each entity is comprised solely of the tax-levy supported obligations. Table does not include non-property tax levy backed debt issued by the listed entities. Totals may not sum due to rounding.

² CBOE debt includes amounts issued under the CBOE's Capital Improvement Tax Bond program, which are not unlimited tax general obligation bonds but are supported by a dedicated tax levy, as well as amounts due under Public Building Commission lease obligations.

³ For the outstanding general obligation debt of Cook County, the Forest Preserve and MWRD, the amounts shown in the table are the total amounts of general obligation debt outstanding of the respective taxing district multiplied by the population of the City and divided by the population of Cook County; the Forest Preserve has boundaries coterminous with Cook County, and MWRD, though not coterminous with Cook County, has boundaries which overlap in excess of 98 percent with the boundaries of Cook County, measured by EAV. The specific calculations for each year may be found in Table 19 of each year's respective City CAFR/City ACFR.

⁴ Population source: U.S. Census Bureau. From 2014 through 2020, per capita is based on the 2010 population of 2,695,598. For 2021 through 2024, per capita is based on the 2020 population of 2,746,388.

⁵ Estimated fair cash value source: The Civic Federation. Excludes railroad property, pollution control facilities and the portion of the City in DuPage County.

OVERLAPPING TAXING DISTRICTS' PENSION OBLIGATIONS

The overlapping taxing districts within the City maintain five pension funds for their respective employees that are supported by local government revenues. Statistical data for the City's four Retirement Funds (as hereinafter defined) and the five overlapping taxing districts' pension funds is set forth in TABLE 24. CITY AND OVERLAPPING TAXING DISTRICTS PENSION FUNDS SUPPORTED BY LOCAL GOVERNMENT REVENUES below.

TABLE 24. CITY AND OVERLAPPING TAXING DISTRICTS
PENSION FUNDS SUPPORTED BY LOCAL GOVERNMENT REVENUES

	Unfunded Actuarial Accrued Liability (\$ in millions) ¹	Unfunded Liability Per Capita ²	Funded Ratio
OVERLAPPING TAXING DISTRICTS' PENSION FUNDS ³			
MWRD	\$ 1,366.98	\$ 259.12	54.6%
Cook County	7,242.64	1,372.87	65.9
Forest Preserve	180.85	34.28	54.6
CBOE ⁴	13,963.71	5,084.39	48.1
Park District	872.73	17.77	33.2
TOTAL OVERLAPPING TAXING DISTRICTS' PENSION FUNDS	<u>\$23,626.91</u>	<u>\$ 6,768.43</u>	
CITY RETIREMENT FUNDS	<u>\$35,780.90</u>	<u>\$13,028.35</u>	26.1%
TOTAL PENSION FUNDS	<u><u>\$59,407.81</u></u>	<u><u>\$19,796.78</u></u>	

¹ The "Unfunded Actuarial Accrued Liability" is calculated based on the actuarial value of assets.

² Per capita amounts are based on the U.S. Census Bureau's 2020 population count of the City (2,746,388) and of Cook County (5,275,541). The City's population was used to calculate the per capita numbers for the City and for the CBOE and the Park District, each of which has boundaries coterminous with the City. Cook County's population was used to calculate the per capita numbers for the Forest Preserve (which has boundaries coterminous with Cook County) and MWRD (which, though not coterminous with Cook County, has boundaries which overlap in excess of 98 percent with the boundaries of Cook County, measured by EAV).

³ Excludes City Colleges, the employees of which are members of the State Universities Retirement System (which is funded by the State), and the Chicago Transit Authority pension fund, which is supported by local sales taxes, real estate transfer taxes, subsidies from the Regional Transportation Authority and fares.

⁴ CBOE makes contributions to the Chicago Teachers' Pension Fund. CBOE is not required to make contributions to MEABF for its employees that are members of MEABF, though the City has in some years been reimbursed for a portion of the City's contributions to MEABF made with respect to CBOE employees, as described under "PENSION BENEFITS PROVIDED BY THE CITY – DETERMINATION OF CITY'S CONTRIBUTIONS" herein.

⁵ Represents the average burden on a resident of the City as a result of the unfunded pension liabilities of the City and the overlapping taxing districts.

Sources: Most recent Annual Comprehensive Financial Report of the pension fund of the overlapping taxing district. Totals may not sum due to rounding.

The information set forth in TABLE 24. CITY AND OVERLAPPING TAXING DISTRICTS PENSION FUNDS SUPPORTED BY LOCAL GOVERNMENT REVENUES may not incorporate the various reforms that have been adopted for certain of these pension funds and should not be relied upon for the financial condition of such pension funds currently. The information is presented only to provide an indication of the magnitude of the unfunded pension liabilities of the overlapping taxing districts when combined with the unfunded pension liabilities of the City. For additional detail on the liabilities of the City's four Retirement Funds, see "**PENSION BENEFITS PROVIDED BY THE CITY – FUNDED STATUS OF THE RETIREMENT FUNDS.**"

LONG-TERM LEASES, CONCESSIONS OF CITY FACILITIES

The City is a party to long-term lease or concession agreements with respect to certain City-owned facilities, as described below.

In 2005, the City entered into the Chicago Skyway Concession and Lease Agreement (the "**Skyway Lease Agreement**") with Skyway Concession Company LLC ("**SCC**"), by which SCC was granted a 99-year concession to operate the Skyway Toll Bridge and lease and maintain the surrounding Skyway Lands (each as defined in the Skyway Lease Agreement, and collectively, the "**Chicago Skyway**"). Under the Skyway Lease Agreement, SCC was granted the right to collect and retain toll revenue from the Chicago Skyway in return for an upfront payment of \$1.83 billion to the City.

In 2006, the City entered into the Chicago Downtown Public Parking System Concession and Lease Agreement (the "**Parking Garages Lease Agreement**") with Chicago Loop Parking, LLC ("**CLP**"), by which CLP was granted a 99-year concession to operate the public parking garages commonly referred to as Millennium Park, Grant Park North, Grant Park South and East Monroe (collectively the "**Parking Garages**"). Under the Parking Garages Lease Agreement, CLP was granted the right to operate and collect revenue from the Parking Garages in return for an upfront payment of \$563 million to the City. In May 2016, the concessionaire interest in the Parking Garages Lease Agreement was sold to Millennium Parking Garages LLC.

In 2009, the City entered into a long-term concession pursuant to the Chicago Metered Parking System Concession Agreement (the "**Metered Parking Concession Agreement**") with Chicago Parking Meters, LLC ("**CPM**"), under which CPM was granted a 75-year concession to operate the metered parking system, including the right to collect certain revenues derived from the metered parking spaces. In return, the City received an upfront payment of \$1.15 billion.

The City established long-term reserves with portions of the upfront payments from the Skyway Lease and the Metered Parking System Concession. See "**– BUDGET STABILIZATION FUND – Asset Lease and Concession Reserves**" above.

Under each of the Skyway Lease Agreement, the Metered Parking Concession Agreement and the Parking Garages Lease Agreement, the lessee/concessionaire has the right to terminate the transaction and receive payment from the City for the fair market value of the respective City facilities in the event that the City, Cook County or the State were to take certain actions which materially adversely affected the value of the respective City facilities.

Currently, the City and SCC are involved in binding arbitration over a dispute (the “**SCC Maintenance Dispute**”) in which SCC is seeking to limit its maintenance responsibilities for certain portions of the Skyway Lands that were leased to SCC under the Skyway Lease Agreement. The City counterclaimed, stating that the Skyway Lease Agreement, among other evidence, requires SCC to maintain the entirety of the leased Skyway Lands.

The Parking Garages Lease Agreement includes a provision by which certain events can require the City to compensate the lessee. One of those events is the granting of a license for the operation of a public garage that was not in existence as of the date of the Parking Garages Lease Agreement within a certain distance from the Parking Garages. In 2015, the City paid the lessee a judgment of approximately \$62 million as compensation for granting a public garage license for a new parking garage within the specified distance from the Parking Garages.

The Metered Parking Concession Agreement includes provisions by which the City can be required to compensate CPM if the City decreases the value of the metered parking system and/or fails to increase the value of the metered parking system as provided in the Metered Parking Concession Agreement. Pursuant to these provisions, from 2017 through 2021, the City made annual payments to CPM totaling \$19.9 million, \$18.0 million, \$9.6 million, \$5.8 million, and \$5.6 million, respectively. In 2022, the City had a credit of \$4.1 million, which offset a \$3.6 million obligation in 2023. For 2024, the City made total payments of \$8.9 million. Future payment obligations may depend on the City’s management of the Metered Parking Concession Agreement.

The Metered Parking Concession Agreement also includes a provision by which the City can be required to compensate CPM if usage of the metered parking system by vehicles displaying disabled parking placards (which are exempt from paying for on-street metered parking) exceeds a certain threshold. Changes to State law governing disabled parking placards have resulted in a significant reduction of these payments. Since 2014, only one payment of \$171,456 has been required.

During the past five years, the City and CPM engaged in three disputes in which CPM sought compensation and/or damages from the City. The disputes were the subject of binding arbitration as provided under the Metered Parking Concession Agreement. One dispute concerned CPM’s alleged losses arising from the City’s directive to stop ticketing for meter violations in City neighborhoods for the duration of Governor Pritzker’s 2020 stay-at-home order due to COVID-19. The second dispute concerned a claim by CPM that the City breached its covenant to effectively enforce metered parking violations due to a decline in the number of City-issued tickets for metered parking violations over the past decade. The third dispute related to designations by the City in 2021 and 2022 of certain metered parking spaces as concession spaces and reserve spaces, a right provided to the City in the Metered Parking Concession Agreement. In April 2025, the City and CPM entered into a settlement agreement with respect to the disputes. In accordance with the settlement agreement, the City paid a total of \$17.5 million to CPM through a draw on the City’s line of credit agreement with Wells Fargo Bank, National Association.

ILLINOIS SPORTS FACILITIES AUTHORITY

The Illinois Sports Facilities Authority (“**ISFA**”) is a State agency authorized to construct and operate sports facilities and provide financial assistance for governmental owners of sports facilities or their tenants in the City. ISFA’s sources of revenue include State and City annual subsidy payments of \$5 million each, with the City’s subsidy taken from the City’s share of the State income tax revenue distributed from the LGDF and a 2 percent hotel tax imposed by ISFA within the corporate limits of the City (the “**ISFA Hotel Tax**”). The State advances to ISFA certified annual operating expenses less the amount of the City and State subsidies. Beginning in 1980, ISFA issued various series of bonds (and refunding bonds) for the development of the new Comiskey Park baseball stadium (now known as Guaranteed Rate Field) and a portion of the Chicago lakefront including Soldier Field. The ISFA bonds are payable from State and City annual subsidy payments, and the State advance amounts. The State withholds collections from the ISFA Hotel Tax to repay advanced amounts. If the ISFA Hotel Tax is not sufficient to repay the State advance, the deficiency is automatically withdrawn from the City’s share of the State income tax revenue distributed from the LGDF.

During State fiscal years ending June 30, 2021 and June 30, 2022, the ISFA Hotel Tax revenue declined significantly as a result of the negative economic impacts of the COVID-19 pandemic, which caused a reduction in hotel occupancy. In State fiscal year 2021, following a refunding transaction that reduced near-term debt service, the ISFA Hotel Tax revenue was sufficient to fully repay the State advance and no amounts were deducted from the City’s share of the State income tax revenue distributed from the LGDF. The reduction in the ISFA Hotel Tax revenue resulted in deficiencies of \$27.4 million and \$8.7 million during State fiscal years 2022, 2023, respectively. In State fiscal year 2024, although the ISFA Hotel Tax revenue had recovered, there was a deficiency of \$10.1 million due to increased amounts of debt service payments. In each year, these deficiencies were paid from LGDF allocations to the City. In State fiscal year 2025, the deficiency was \$5.7 million and paid from the City’s LGDF allocation. No assurance can be given regarding the likelihood of future deficiencies that would have to be paid from LGDF allocations to the City.

SALES TAX SECURITIZATION CORPORATION

As described above in “**GENERAL FUND REVENUES – SALES TAXES**,” in December 2017, the City sold to STSC the City’s right to receive State-Collected Sales Tax Revenues in exchange for the proceeds of bonds issued by STSC as well as the Residual Sales Tax Revenues. As of January 2, 2026, STSC has outstanding bonds in an aggregate principal amount of \$5,776,648,000. Future issues of debt by STSC may reduce the amount of Residual Sales Tax Revenues available to the City.

CITY INVESTMENT POLICY

The investment of City funds is governed by the Municipal Code. Pursuant to the Municipal Code, the City Treasurer has adopted a Statement of Investment Policy and Guidelines for the purpose of establishing written cash management and investment guidelines to be followed by the City Treasurer’s office in the investment of City funds. See Notes (1) and (4) in “**APPENDIX**

C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024.”

Amounts in a variety of funds of the City, including the General Fund, are invested on a commingled basis, and are referred to as the City’s “consolidated cash.” Consolidated cash may be used for interfund borrowings among various funds of the City, including, but not limited to, the General Fund, and such use reduces the need for external borrowing by the City to meet the needs of its funds. The City has maintained its consolidated cash, including interfund borrowing, so as to meet the obligations of its funds, including the General Fund, in a timely manner.

Notwithstanding the City’s investment policy, all funds held under the Indentures must be held in Permitted Investments.

ANNUAL BUDGET

BUDGET PROCESS

Each year, the City prepares an annual budget that accounts for revenue from taxes and other sources and sets forth a plan for how the City intends to use those resources over the course of the following year. In accordance with the Illinois Municipal Code, the City produces a balanced budget, meaning that its appropriated expenditures do not exceed the resources it estimates will be available for that year.

The budget process begins each summer when City departments inform the City’s Office of Budget and Management (“**OBM**”) of their personnel and non-personnel needs for the upcoming year. Concurrently, OBM engages the public for feedback on the budget and continues the process of reviewing each department’s operating and programmatic needs and developing detailed departmental budgets. OBM also estimates Citywide expenses, which include pension contributions, employee healthcare and debt service. In addition, OBM prepares estimates on the amount of revenue that the City expects to collect in the following year. OBM then publishes the Budget Forecast (as described in TABLE 25. ANNUAL BUDGET DOCUMENTS) that represents an overview of the City’s revenues and expenditures, financial condition and revenue and expense projections.

In the fall, OBM works with departments to develop a final budget, consisting of the Budget Recommendations and Budget Overview (as described in TABLE 25. ANNUAL BUDGET DOCUMENTS), for the entire City government. The City Council, through the Committee on the Budget and Government Operations, holds public hearings with each City department on the Mayor’s proposed budget. Once the proposed budget, as amended, is adopted by the City Council and approved by the Mayor, it becomes the Annual Appropriation Ordinance (as described in TABLE 25. ANNUAL BUDGET DOCUMENTS). The Annual Appropriation Ordinance is implemented on January 1 of the following year and represents the City’s operating budget for that year.

BUDGET DOCUMENTS

The documents that are prepared as part of the City's budget process are set forth below. *Such documents are not prepared for investors in securities issued by the City or as a basis for making investment decisions with respect to any bonds, notes or other debt obligations of the City, including the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds are cautioned not to rely on any of the information in the budget documents in connection with the offering of the Series 2026 Bonds.*

TABLE 25. ANNUAL BUDGET DOCUMENTS

Document	Purpose
BUDGET FORECAST (formerly known as the Annual Financial Analysis)	Provides a forecast of the City's finances for the next three years, a review of the City's revenues and expenditures for the past 10 years and analysis of the City's reserves, pension contributions, debt obligations and capital improvement program.
BUDGET RECOMMENDATIONS AND BUDGET OVERVIEW	Constitutes the Mayor's proposed budget to the City Council in accordance with State law. Provides a summary of the proposed budget and detailed information on the City's anticipated revenues, expenditures and personnel.
ANNUAL APPROPRIATION ORDINANCE	The City's line-item budget as passed by the City Council.

Separate from the annual budget process, each year OBM produces a comprehensive list of capital improvements scheduled to occur in the City over the next five years, known as the Capital Improvement Program. OBM also creates a Consolidated Plan & Action Plan which sets forth priorities for the City's housing and non-housing community needs for federal entitlement funding.

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BUDGET CALENDAR

The City's expected calendar for the annual budget process is presented in TABLE 26. ANNUAL BUDGET CALENDAR and is based on recent prior years. Actions set forth in TABLE 26 may occur in different months than as set forth in TABLE 26.

TABLE 26. ANNUAL BUDGET CALENDAR

Month	Action
JUNE / JULY	Departments submit preliminary revenue and expense estimates to OBM.
JULY / AUGUST	OBM receives detailed budget requests from City departments and holds a series of meetings with each department regarding the department's needs for the coming year. OBM publishes the Budget Forecast.
SEPTEMBER/ OCTOBER	The Mayor submits the Budget Overview and Budget Recommendations to the City Council, and the City Council conducts hearings on the budget, including at least one public hearing, to gather comments on the proposed budget.
OCTOBER/ NOVEMBER/ DECEMBER	Additions or changes to the proposed budget are considered. The City Council must approve a balanced budget by December 31, at which point the Budget Recommendations become the Annual Appropriation Ordinance.
JANUARY	The City's Annual Appropriation Ordinance goes into effect.
ONGOING	Throughout the year, OBM monitors revenues and expenditures allocated through the Annual Appropriation Ordinance. OBM regularly reviews revenues, expenditures and any trends or events that may affect City finances. On an ongoing basis, City departments provide information about the performance of City programs to ensure that City resources are used in a manner that maximizes taxpayer value and provides the highest quality services.

CORPORATE FUND FORECASTS AND BUDGETS

CORPORATE FUND FORECASTS

Each year, the City projects revenues and expenses for the coming year as part of its Budget Forecast process. As described above, the difference between the Corporate Fund's revenues and expenditures anticipated by the City in the Budget Forecast each year is commonly referred to as the "budget gap." The budget gap is closed each year with the introduction of the Budget Recommendations, in which expenditures are balanced with forecasted available resources.

METHODOLOGY

The preliminary revenue and expense projections included in a Budget Forecast reflect the City's forecasted budget deficit for the following budget year, which is any budget imbalance between existing revenues and anticipated expenses for that budget year.

Prior to 2019, the budget deficit methodology did not include debt service and pensions as structural imbalances recorded under the Corporate Fund gap projections. Beginning with the 2020 budget deficit presented in the Budget Forecast published in August 2019, the methodology for projecting the budget deficit includes known debt and pension structural imbalances. The Mayor's Budget Recommendations are presented each September/October with revenues and expenditures balanced. An annual appropriation ordinance is adopted by the City Council, which typically includes a series of amendments to the Mayor's Budget Recommendations. The annual appropriation ordinance (i.e., adopted budget) is required to produce a balanced budget in accordance with the Illinois Municipal Code.

Future years' budget deficits are projections for the Corporate Fund based on positive, negative or base economic scenarios founded on existing revenues and anticipated expenditures. These figures assume that no substantive changes are made to City operations or revenue sources. Cost saving or revenue initiatives are not incorporated into these estimates.

MONTHLY REVENUE REPORTS

In February 2021, the City began to publish monthly estimates of revenue collections ("**Monthly Revenue Reports**"). The Monthly Revenue Reports provide a summary of revenues received and transfers made in the City's Corporate Fund for the current fiscal year. The information contained in these reports is for informational purposes only and does not reflect final audited figures. Revenues reflect cash collections for the current budget year. Monthly collections for 2025 reflect the amount collected specifically in the reported month while the year-to-date collections reflect the cumulative amount collected for the year, through the reporting month. Due to a lag in collections, some revenue streams do not begin for the current budget year until the second, third, or fourth month.

Monthly Analysis

The following text includes a description and summary of the Monthly Revenue Report that includes revenues collected through December 31, 2025. *See* TABLE 27 - CITY OF CHICAGO OFFICE OF BUDGET AND MANAGEMENT COMPARATIVE ESTIMATE OF REVENUE COLLECTIONS - CORPORATE FUND DECEMBER 2025. Revenue collections through December 31, 2025 exceeded year-to-date budget estimates by \$196.7 million, or 4.4 percent.

Month-over-month, the variance to budget increased slightly by 0.2 percent compared to November, reflecting normal seasonal fluctuations in the timing of major revenue collections.

Utility Tax revenues outperformed budgeted expectations by \$28.9 million (or 9.3 percent), driven by higher natural gas pricing and increased consumption. Transaction Tax collections also exceeded projections by \$84.7 million (or 9.6 percent) due to higher-than-anticipated receipts from

the cloud-based storage and computing activity subject to the Personal Property Lease Transaction Tax.

Conversely, the City's share of PPRT revenue is underperforming expectations by \$39.2 million (or 18.3 percent), as State of Illinois revenue estimates have fallen nearly \$1 billion from last year due to state-level diversions, transfers, and true-ups of PPRT collections.

Revenues budgeted through December account for 82.5% of what is expected to be collected for the entire fiscal year of 2025. Additional revenues will be collected between January and March 2026 that are attributed to fiscal year 2025. Complete fiscal year 2025 revenue will be reflected in the 2025 Annual Comprehensive Financial Report expected to be released in June 2026.

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TABLE 27. CITY OF CHICAGO OFFICE OF BUDGET AND MANAGEMENT COMPARATIVE ESTIMATE OF REVENUE COLLECTIONS - CORPORATE FUND DECEMBER 2025

City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections					
Corporate Fund December 2025 (in thousands)	YTD Budgeted	2025 YTD Collection	Difference	Percent Difference	2025 Annual Budget
Local Tax					
Utility Taxes	311,318	340,290	28,972	9.3%	373,391
Chicago Sales Taxes	98,507	92,312	(6,195)	-6.3%	104,379
Transaction Taxes	884,742	969,481	84,739	9.6%	972,641
Transportation Taxes	420,823	439,578	18,755	4.5%	439,156
Recreation Taxes	336,040	342,855	6,815	2.0%	370,996
Business Taxes	163,731	163,095	(637)	-0.4%	174,970
State Taxes/Revenues					
Income Tax	374,489	394,660	20,171	5.4%	456,185
Personal Property					
Replacement Tax	214,172	174,966	(39,206)	-18.3%	276,834
Auto Rental Tax	3,614	3,885	271	7.5%	4,765
State Reimbursements	2,525	4,955	2,430	96.2%	2,525
Proceeds and Transfers					
Parking Meter Revenue					
Replacement Fund Interest	-	-	-	NA	-
Sales Tax Corporation Residual	406,102	424,817	18,715	4.6%	571,974
Proceeds and Transfers in-Other	-	-	-	NA	28,000
Local Non-Tax					
Licenses, Permits and					
Certificates	123,705	124,490	785	0.6%	123,705
Fines, Forfeitures, and Penalties	309,214	329,309	20,096	6.5%	345,214
Charges for Service	337,246	343,795	6,549	1.9%	421,125
Municipal Parking	9,863	9,554	(309)	-3.1%	9,863
Leases, Rentals, and Sales	13,796	6,914	(6,883)	-49.9%	13,796
Interest	-	-	-	NA	58,000
Internal Service Earnings	308,858	316,291	7,434	2.4%	517,638
Other Revenue	155,267	189,437	34,170	22.0%	155,267
Total Revenue	4,474,012	4,670,685	196,674	4.4%	5,420,425

Monthly Budgeted refers to the month collections are anticipated. In some instances there is a 2-3 month difference between the month for which a tax is due and in which it is collected.

Revenues are recorded at a point in time may not reflect all adjustments recorded in future periods. Sales Tax Corporation Residual Annual Budget amount anticipated reductions in withholding resulting from the refinancing proposal included with the 2025 appropriation. Expected and actuals instead reflect current withholding schedule.

2026 BUDGET

The Mayor released the City's fiscal year 2026 budget forecast on August 29, 2025 (the "2026 Budget Forecast"). The preliminary revenue and expense projections included in the City's Budget Forecast for fiscal year 2026 reflected a budget deficit or "budget gap" at the City of \$1.15 billion. The "budget gap" refers to the anticipated difference between revenues and expenditures in the Corporate Fund prior to any cost saving or revenue initiatives proposed in the Budget Recommendations. The Mayor presented the balanced fiscal year 2026 City Budget

Recommendations to the City Council on October 16, 2025 (the “**2026 Budget Recommendations**”) which addressed the “budget gap” in the 2026 Budget Forecast.

The 2026 Annual Appropriation Ordinance was adopted by the City Council on December 20, 2025 and amended on December 29, 2025 (as amended, the “**2026 Budget**”) and included a series of amendments to the 2026 Budget Recommendations. The 2026 Annual Appropriations Ordinance is available on the City’s budget website. The 2026 Budget closed the aforementioned “budget gap” and produced a balanced budget in accordance with the Illinois Municipal Code.

TABLE 28. 2026 CORPORATE FUND BUDGET GAP RECONCILIATION (\$ IN MILLIONS)

2026 BUDGET FORECAST “BUDGET GAP”	(\$1,254.8)
INCREASED REVENUES AND NEW RESOURCES	
Revenue Enhancements	\$398.10
Proceeds of Financing ¹	166.0
Additional TIF Surplus ²	157.6
Sale of Receivables	89.6
Other Measures	103.5
SUBTOTAL	<u>\$914.8</u>
SAVINGS AND EFFICIENCIES	
Operational Efficiencies	\$111.9
Personnel Savings	100.6
Cost Reallocation to Different Funds	80.9
Other Measures	46.5
SUBTOTAL	<u>\$340.0</u>
2026 BUDGET, BALANCED	<u><u>\$0.0</u></u>

Source: 2026 Budget

¹ These proceeds of financing represent a portion of the proceeds of the sale of the Series 2026A Bonds.

² This additional TIF surplus is from tax levy year 2024.

Note: Totals may not sum due to rounding.

As described above, the 2026 Budget was adopted by the City Council in December 2025. The 2026 Corporate Fund forecasted “budget gap” was closed following a series of amendments to the 2026 Budget Recommendations. The closing measures included, but are not limited to, an increase in the personal property lease tax from 11% to 15%, an expansion of the geographic area subject to the ground transportation tax, financing of retroactive wage increases for City employees

arising from collective bargaining negotiations, and TIF surplus. Additionally, savings and efficiencies are projected to increase, primarily due to a targeted hiring freeze, continuation of efficiency initiatives, including a contract savings initiative, and continuation of policy allocating appropriate costs to appropriate funds.

PENSION BENEFITS PROVIDED BY THE CITY

GENERAL

Pursuant to the Illinois Pension Code, as revised from time to time (the “**Pension Code**”), the City contributes to four retirement funds (collectively, the “**Retirement Funds**”), which provide benefits upon retirement, death or disability to members of the Retirement Funds and their beneficiaries. The Retirement Funds are, in order from largest to smallest membership: (i) the Municipal Employees’ Annuity and Benefit Fund of Chicago (“**MEABF**”); (ii) the Policemen’s Annuity and Benefit Fund of Chicago (“**PABF**”); (iii) the Firemen’s Annuity and Benefit Fund of Chicago (“**FABF**”); and (iv) the Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (“**LABF**”). The Retirement Funds’ membership consists primarily of current and former employees of the City and their beneficiaries.

The Retirement Funds are established, administered and financed under the Pension Code, as separate bodies politic and corporate and for the benefit of the members of the Retirement Funds and their beneficiaries. The City’s contributions to the Retirement Funds, and benefits for members of the Retirement Funds and their beneficiaries, are governed by the provisions of the Pension Code. See “– **DETERMINATION OF CITY’S CONTRIBUTIONS**” below. This section describes, among other things, the current provisions of the Pension Code applicable to the City’s funding of the Retirement Funds. No assurance can be made that the Pension Code will not be amended in the future.

Certain statements made in this section are based on projections, are forward-looking in nature and are developed using assumptions and information currently available. Such statements are subject to certain risks and uncertainties. The projections set forth in this section rely on information produced by the Retirement Funds’ independent actuaries (except where specifically noted otherwise) and 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. This information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this section are cautioned not to place undue reliance on prospective financial information. Neither the City, the City’s independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Regarding prospective financial information set forth under this heading and elsewhere in this Official Statement, see “**REGARDING THIS OFFICIAL STATEMENT**” and “**FORWARD-LOOKING STATEMENTS.**”

SOURCE INFORMATION

The information contained in this section relies in part on information produced by the Retirement Funds, their independent accountants and their independent actuaries (the “**Source Information**”). Neither the City nor the City’s independent auditors have independently verified the Source Information and make no representations nor express any opinion as to the accuracy of the Source Information.

Furthermore, where the tables in this section present aggregate information regarding the Retirement Funds, such aggregate information results solely from the application of arithmetic to the data presented in the Source Information and may not conform to the requirements for the presentation of such information by GASB.

Certain of the audited financial statements or annual comprehensive financial reports of the Retirement Funds (such audited financial statements or annual comprehensive financial report of a Retirement Fund being referred to herein as the “**Retirement Fund Financial Statements**”), and certain of the actuarial valuations of the Retirement Funds (each, an “**Actuarial Valuation**” and together, the “**Actuarial Valuations**”), may be obtained by contacting the Retirement Funds. Certain of these reports may also be available on the Retirement Funds’ websites (www.meabf.org; www.chipabf.org; www.labfchicago.org; and www.fabf.org).

The Retirement Funds typically release their Actuarial Valuations in June each year following the close of their respective fiscal years on December 31. All of the Retirement Funds have released their Actuarial Valuations and Retirement Fund Financial Statements for the fiscal year ended December 31, 2024. The Retirement Funds have not yet released the Actuarial Valuations or Retirement Fund Financial Statements for the fiscal year ended December 31, 2025.

BACKGROUND INFORMATION REGARDING THE RETIREMENT FUNDS

General

Each of the Retirement Funds is a single-employer, defined-benefit public employee retirement system. “Single-employer” refers to the fact that there is a single plan sponsor, in this case, the City. “Defined-benefit” refers to the fact that the Retirement Funds pay a periodic benefit to employees upon retirement and survivors in a fixed amount determined at the time of retirement. The amount of the periodic benefit is generally determined on the basis of service credits and salary. Eligible employees receive the defined benefit on a periodic basis for life, along with certain benefits to spouses and children that survive the death of the employee.

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan. Generally, in a defined-benefit pension plan, employees contribute a fixed percentage of their annual salary and employers contribute the additional amounts required (which amounts may be determined pursuant to statute, as in the case of the City), when combined with the investment earnings on plan assets, to pay the benefits under the pension plan. See TABLE 29. MEMBERSHIP, “– DETERMINATION OF EMPLOYEE CONTRIBUTIONS” and “– DETERMINATION OF CITY’S CONTRIBUTIONS” below.

The benefits available under the Retirement Funds accrue throughout the time an employee is an active member of the Retirement Funds. Although the benefits accrue during employment, certain age and service requirements must be achieved by an employee to generate a retirement or survivor's periodic defined benefit payment upon retirement or termination from the City. The Retirement Funds also provide certain disability benefits and retiree healthcare benefits to certain members. See "**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**" below.

Section 5 of Article XIII of the Illinois Constitution (the "**Pension Clause**") provides as follows: "Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

The members of the Retirement Funds are divided into separate tiers based on the date on which they became a member of a Retirement Fund or a reciprocal fund, as described in the Pension Code. Employees who became members of the Retirement Funds (or a reciprocal fund) prior to January 1, 2011, are referred to as "Tier One Members," while employees who became members after January 1, 2011 are referred to as "Tier Two Members", provided, however, that certain MEABF and LABF members who became members after such date are "Tier Three Members" as hereinafter described. Tier Two Members receive less generous benefits than Tier One Members.

Public Act 100-023, which became effective on July 6, 2017 ("**P.A. 100-23**"), created an additional tier of members within MEABF and LABF ("**Tier Three Members**"). Tier Three Members consist of MEABF and LABF employees who became members on or after July 6, 2017 as well as certain Tier Two Members who elected (prior to November 15, 2017) to be considered Tier Three Members. Tier Three Members are subject to different provisions for the calculation of benefits under the Pension Code, including, but not limited to, a reduction in the age at which a member is eligible for a minimum formula annuity with 10 years of service, and separate contribution rates from those for Tier One Members and Tier Two Members.

P.A. 100-23 further provides that, following the adoption of an ordinance by the City Council deeming MEABF or LABF an "affected pension fund" under P.A. 100-23, Tier Three Members will have the option to opt-in to additional benefit and contribution changes from those currently applicable to Tier Three Members, as described in P.A. 100-23 (the "**Future Tier Election**"). As of the date hereof, the City Council has not adopted such an ordinance. The City provides no assurances as to whether such an ordinance providing for the Future Tier Election will be adopted in the future, nor can the City project the impact of the adoption of such ordinance on MEABF or LABF or the City's contributions to such Retirement Funds.

References in this section to "member" are references to the active, inactive and retired employees of the City and their beneficiaries, the active, inactive and retired employees of the Retirement Funds participating in the Retirement Funds and their beneficiaries, and with regard to MEABF and LABF, certain employees of the CBOE who are members of MEABF or LABF as described below, and their beneficiaries.

References in this section to the term “contribution” or “payment” when used in reference to any year refers to the actual payment of moneys by the City to a Retirement Fund. References to the term “levy year” reflect the year in which property tax levies, such as the Pension Levy (as hereinafter defined), are filed with the County Clerks. Such levies will be collected by the Counties, remitted to the City and contributed to the Retirement Funds in the calendar year following the levy year.

The Retirement Funds

The Retirement Funds are each established by and administered under a separate article of the Pension Code as follows: (i) with respect to MEABF, Article 8, (ii) with respect to PABF, Article 5, (iii) with respect to FABF, Article 6, and (iv) with respect to LABF, Article 11. Each of the Retirement Funds is administered by a separate board of trustees responsible for managing and administering such Retirement Fund for the benefit of its members (each a “**Retirement Fund Board**” and, collectively, the “**Retirement Fund Boards**”). Each of the Retirement Funds provides retirement, disability and survivor benefits to its members.

Each of the Retirement Funds serves a different population of City employees and related persons. MEABF’s membership consists of City and Retirement Fund employees, former employees, survivors, certain City officials, if they elect to participate (specifically, the Mayor, the City Clerk, the City Treasurer and members of the City Council), and non-instructional employees of the CBOE (“**CBOE Employees**”), with CBOE Employees accounting for almost 60 percent of MEABF’s membership. PABF’s membership consists of police officers of the City, their surviving spouses and their children. FABF’s membership consists of fire service employees and their survivors. LABF’s membership consists of City employees and CBOE Employees who are employed in a title recognized by the City as labor service and for the survivors of such employees.

The membership of the Retirement Funds as of December 31, 2024, was as follows:

TABLE 29. MEMBERSHIP

Retirement Fund	Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries	TOTAL
MEABF	38,655	26,410	25,828	90,893
PABF	11,769	1,204	14,794	27,767
FABF	4,775	159	5,460	10,394
LABF	2,735	1,406	3,504	7,645
TOTAL	57,934	29,179	49,586	136,699

Source: The 2024 City ACFR.

Each Retirement Fund Board is a fiduciary of its respective Retirement Fund and is authorized to perform all functions necessary for operation of such Retirement Fund. The Pension Code authorizes each Retirement Fund Board to make certain decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the

hiring of staff, financial advisors and asset managers. Each Retirement Fund Board is authorized to promulgate rules and procedures regarding the administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and decisions awarding, limiting or denying benefits are subject to the Illinois Administrative Procedure Act. The Pension Code provides that the expenses incurred in connection with the administration of the Retirement Funds are not construed to be debt imposed upon the City. Such expenses are the obligation of the Retirement Funds exclusively, as separate bodies politic and corporate.

Investments

Each Retirement Fund Board manages the investments of its respective Retirement Fund. State law regulates the types of investments in which the Retirement Funds' assets may be invested. Furthermore, the Retirement Fund Boards invest the Retirement Funds' assets in accordance with the prudent person rule, which requires members of the Retirement Fund Boards, who are fiduciaries of the Retirement Funds, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

In carrying out their investment duty, the Retirement Fund Boards may appoint and review investment managers as fiduciaries to manage the investment assets of the Retirement Funds. Such investment managers are granted discretionary authority to manage the Retirement Funds' assets. Additional information regarding the Retirement Funds' investments and investment management may be found on the Retirement Funds' websites.

The following table provides information on the investment returns experienced by each of the Retirement Funds.

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TABLE 30. INVESTMENT RATES OF RETURN (FISCAL YEARS 2015-2024)

Fiscal Year	MEABF	FABF	LABF	PABF
2015	2.1%	(0.1)%	(1.5)%	(0.4)%
2016	6.4	7.5	5.0	6.6
2017	14.9	17.9	18.7	16.7
2018	(5.2)	(6.6)	(6.4)	(5.7)
2019	16.4	20.4	17.8	16.3
2020	9.3	11.7	14.5	12.3
2021	14.0	14.2	11.8	13.8
2022	(11.6)	(14.7)	(13.6)	(10.6)
2023	11.0	13.9	10.0	11.7
2024	9.9	8.4	9.0	10.7
Ten-Year Geometric Mean Return	6.35%	6.70%	6.02%	6.74%
Assumed Rate ¹	6.75%	6.75%	6.75%	6.75%

¹ Reflects the assumed investment rate of return in the respective Actuarial Valuations of the Retirement Funds measured as of December 31, 2024, as discussed in further detail under “– ACTUARIAL ASSUMPTIONS – Assumed Investment Rate of Return” below.

Sources: The Retirement Fund Financial Statements for Fiscal Year 2024. Reflects the annual money-weighted rate of return, net of investment expense. The ten-year geometric mean return was calculated by the City based on rates of return listed in the table.

DETERMINATION OF EMPLOYEE CONTRIBUTIONS

Currently, employees are required to contribute to their respective Retirement Fund as set forth in the Pension Code. The following table provides the current contribution rates (as a percentage of salary for Retirement Fund members (other than Tier Three Members):

TABLE 31. EMPLOYEE CONTRIBUTION RATES

MEABF	FABF	LABF	PABF
8.500%	9.125%	8.500%	9.000%

Sources: The respective Actuarial Valuations for the Retirement Funds for fiscal year 2024.

Tier Three Members of MEABF and LABF contribute 11.5 percent of their salary, unless such Tier Three Member is a Tier Three Member as a result of the Tier Three Election, in which case such Tier Three Member contributes the lesser of 11.5 percent of salary and the normal cost (as hereinafter described), provided that such contribution may not be less than 8.5 percent of salary. P.A. 100-23 provides for additional changes to these contributions upon a Future Tier Election.

DETERMINATION OF CITY’S CONTRIBUTIONS

The provisions of the Pension Code mandate the amounts the City must contribute to the Retirement Funds, and the City is bound to contribute, and historically has contributed, the amounts required by the Pension Code.

The Pension Code provides that each Retirement Fund Board must annually certify to the City Council a determination of the required City contribution to such Retirement Fund. In making its request for the City's annual contribution, each Retirement Fund, acting through its Retirement Fund Board, annually approves and then submits a resolution to the City Council requesting that the City Council levy for a particular contribution amount. Except to the extent the City has used Other Available Funds (as hereinafter defined) in lieu of such levy, the City generally has levied the amounts so requested. Property taxes levied in a year are payable in the following year.

Historically, the Pension Code required the City to contribute to a Retirement Fund a statutory multiple of the amount contributed to such Retirement Fund by the employees who are members in such Retirement Fund two years prior to the year in which the property tax used to generate the contribution was levied (the "**Multiplier Funding System**"). The statutory multiple applicable to a Retirement Fund was set forth in the Pension Code article applicable to such Retirement Fund. The Multiplier Funding System did not adjust for changes in the funding level of such Retirement Fund and, as such, the contributions determined in accordance with the Multiplier Funding System did not relate to, and in many years, were substantially less than, the contribution amounts that would have resulted from an actuarial determination of such contribution.

In 2010, the City-appointed Commission to Strengthen Chicago's Pension Funds released a report (the "**CSCPF Report**") that projected that the Retirement Funds would be insolvent by 2030, assuming an 8 percent investment rate of return. In the projected scenario, the FABF would become insolvent in 2022, followed by the PABF in 2024, the MEABF in 2027 and finally the LABF in 2030. The CSCPF Report recommended, among other things, that the Multiplier Funding System be replaced with actuarial funding. In 2011, Public Act 96-1495 ("**P.A. 96-1495**") became law and instituted actuarial funding for PABF and FABF, providing that each fund was required to reach a 90 percent Funded Ratio (as hereinafter defined) by 2040, which was later extended to 2055 by P.A. 99-506 (as hereinafter defined). In June 2014, Public Act 98-0641 ("**P.A. 98-641**"), which implemented a ramp to actuarial funding for MEABF and LABF, requiring a 90 percent Funded Ratio by 2055, and reduced certain cost-of-living increases for annuitants, was enacted into law. P.A. 98-641 was subsequently found unconstitutional by the Illinois Supreme Court in 2016, which reinstituted the Multiplier Funding System and the prior cost-of-living increases for such Retirement Funds.

The City's contributions to the Retirement Funds are no longer calculated in accordance with the Multiplier Funding System. As noted above, P.A. 96-1495, as modified by Public Act 99-506 ("**P.A. 99-506**" and, together with P.A. 96-1495, the "**FABF/PABF Funding Legislation**"), modified the articles of the Pension Code applicable to FABF and PABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the FABF/PABF Funding Plan (as hereinafter defined and described). P.A. 100-23 modified the articles of the Pension Code applicable to LABF and MEABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the LABF/MEABF Funding Plan (as hereinafter defined and described).

Pursuant to the FABF/PABF Funding Legislation, beginning in levy year 2020, the City must annually levy a property tax (unless Other Available Funds are used, as described below) for each of FABF and PABF in an amount necessary to achieve a Funded Ratio of 90 percent in such

Retirement Funds by the end of fiscal year 2055 (the “**FABF/PABF Actuarial Funding**”). For levy years 2015 through 2019, the FABF/PABF Funding Legislation specified the amounts of the property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the FABF/PABF Actuarial Funding (the “**FABF/PABF Phase-in Funding**” and, together with the FABF/PABF Actuarial Funding, the “**FABF/PABF Funding Plan**”). The FABF/PABF Funding Legislation also mandated that any proceeds received by the City in relation to the operation of a casino in the City shall be expended by the City to satisfy the City’s employer contribution obligations to FABF and PABF in any year.

Pursuant to P.A. 100-23, beginning in levy year 2022, the City must annually levy a property tax (unless Other Available Funds are used) for each of LABF and MEABF in an amount necessary to achieve a Funded Ratio of 90 percent in such Retirement Funds by the end of fiscal year 2058 (the “**LABF/MEABF Actuarial Funding**”). For levy years 2017 through 2021, P.A. 100-23 specified the amount of property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the LABF/MEABF Actuarial Funding (the “**LABF/MEABF Phase-in Funding**” and, together with the LABF/MEABF Actuarial Funding, the “**LABF/MEABF Funding Plan**”).

In 2022, the City adopted a new policy related to the City’s pension contributions (the “**Pension Funding Policy**”) which states: “Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, and in the determination of the Chief Financial Officer, will not increase the total net pension liability of the City’s four pension funds based on best efforts projections and information available at the time of budget. This total net pension liability calculation will be based on the GASB 67/68 calculation of net pension liability included annually in the City’s Annual Comprehensive Financial Report and will include components of said calculation including interest cost derived from unfunded liability, normal cost, administrative costs, employee contributions and market value of the assets of the fund.” At the time of the implementation of the Pension Funding Policy, the City projected that advance pension contributions pursuant to such policy would result in advance contributions of \$1.9 billion through 2035, resulting in reduced contributions from 2036 to 2058, which, taken independently of other factors would result in a net reduction in total future pension contributions to the Retirement Funds.

Pursuant to the Pension Funding Policy, the City has made the following advance contributions:

TABLE 32. ADVANCE PENSION CONTRIBUTIONS

<u>Date Paid</u>	<u>Amount (in millions)</u>
1/2/2023	\$242.0
1/17/2024	306.6
1/14/2025	271.8
1/16/2026	129.8

To preserve flexibility with respect to near-term cash-management considerations related to delays in the receipt of property taxes, among other cash flow matters, while preserving the benefits of the Pension Funding Policy, the City has elected to split the 2026 advance pension contribution of \$259.6 million into two equal installments. The first installment of \$129.8 million was paid on January 16, 2026, and the second installment of \$129.8 million will be paid later in the calendar year. See **“INVESTMENT CONSIDERATIONS – DELAYS IN THE COLLECTION OF PROPERTY TAXES”** and **“APPENDIX F - INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES – REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Collections”** for further discussion relating to delays in the collection of property taxes.

Public Act 104-0065 became effective on August 1, 2025 (**“P.A. 104-0065”**). P.A. 104-0065 made certain changes to the Pension Code articles related to PABF and FABF which had the effect of increasing the benefits owed to certain members of those Retirement Funds. P.A. 104-0065 will, taken independently of other factors, modify the City’s future contributions to PABF and FABF. See **“EFFECT OF P.A. 104-0065”** herein for additional information.

The City’s contributions to the Retirement Funds have historically been made primarily from the proceeds of an annual levy of property taxes for each of the Retirement Funds (collectively, the **“Pension Levy”**) by the City solely for such purpose, as provided by the Pension Code. However, the Pension Code allows the City to use any other legally available funds (collectively, the **“Other Available Funds,”** as described below) in lieu of the Pension Levy to make its contributions to the Retirement Funds provided that such Other Available Funds are deposited with the City Treasurer for such purpose. The amount of the Pension Levy, like any City property tax levy, must be approved by the City Council. The Pension Levy is exclusive of and in addition to the amount of property taxes which the City levies for other purposes.

Due to property tax bill delays in calendar year 2025, consistent with the City’s prior practice in addressing such delays in 2022 and 2023, the City has used its General Fund to provide timely contributions to FABF, PABF and LABF in order to stabilize cashflows and avoid investment liquidation of assets held therein. See **“INVESTMENT CONSIDERATIONS – Delays in the Collection of Property Taxes”** and **“APPENDIX F - INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES – REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Collections”** for further discussion relating to delays in the collection of property taxes.

The portion of the City’s contribution presently made from Other Available Funds consists of several revenue sources, including (i) General Fund revenues, and (ii) revenues of the enterprise systems (with respect to the portion of the contribution allocable to the employees of the respective enterprise systems). See **“– ENTERPRISE FUND ALLOCATION OF RETIREMENT FUND COSTS”** below. The City has identified additional revenue sources to assist in making the increased contributions to LABF and MEABF as a result of the enactment of P.A. 100-23. With respect to LABF, the City expects that a portion of such increased contribution will be made from funds in the General Fund made available as a result of an increase in the 911 surcharge, which was implemented in September 2014. With respect to MEABF, the City intends to continue to utilize revenues generated from a tax on water and sewer usage which was imposed by the City Council on September 14, 2016, to fund a portion of the increase in the City’s contributions to MEABF.

In 2020, CBOE began reimbursing the City in consideration for the City's employer contribution to MEABF with respect to the CBOE members of MEABF. The City received a reimbursement of \$100 million from CBOE in 2023. The City did not receive a reimbursement of \$175 million, as previously expected, from CBOE prior to the end of the Fiscal Year 2024 revenue recognition period (i.e., the first two months of Fiscal Year 2025), nor did the City receive a payment from CBOE during calendar year 2025. Under the Intergovernmental Agreement, CBOE agreed to reimburse the City for contributions made to MEABF on behalf of CBOE employees who are members of MEABF from any and all TIF Surplus amounts CBOE receives during calendar year 2026 that exceed \$379 million in TIF Surplus up to a total payment of \$175 million in two disbursements. See **"GENERAL FUND REVENUES – OTHER REVENUES – Internal Service."**

The City's contributions to the Retirement Funds in accordance with the Pension Code through fiscal year 2025 have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the Retirement Funds' liabilities, which has contributed to the significant underfunding of the Retirement Funds. Moreover, the contributions to the Retirement Funds in accordance with the Pension Code have had the effect of deferring the funding of the Retirement Funds' liabilities, which increases the costs of such liabilities and the associated financial risks, including the risk that each Retirement Fund will not be able to pay its obligations when due. Furthermore, increases in the City's contributions to the Retirement Funds caused the City to increase its revenues and may require the City to further increase its revenues, reduce its expenditures, or some combination thereof.

DIVERSION OF GRANT MONEY TO THE RETIREMENT FUNDS

The Pension Code allows the State Comptroller to divert State grant money intended for the City to satisfy pension contribution shortfalls by the City (the **"Recapture Provisions"**). If the City fails to contribute to any Retirement Fund as required by the Pension Code, the City will be subject to a reallocation of grants of State funds to the City if, among other requirements: (i) the City fails to make a required payment to such Retirement Fund as set forth in the applicable statute, (ii) the subject Retirement Fund gives notice of the failure to the City, and (iii) such Retirement Fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, and the satisfaction of all other requirements, the State Comptroller will withhold grants of State funds from the City in an amount not in excess of the delinquent payment amount.

During fiscal years 2018 and 2019, the Retirement Funds each submitted claims to the State Comptroller pursuant to the Recapture Provisions for alleged shortfalls in contributions for contribution years 2016, 2017 and 2018. Such alleged shortfalls arose from the loss in collection of the Pension Levy. Beginning with the 2021 Budget, the City has included an increase to the property tax levy to account for losses in collections. The Retirement Funds have not filed additional claims under the Recapture Provisions.

ACTUARIAL VALUATION

General

The Pension Code requires that the Retirement Funds annually submit to the City Council a report containing a detailed statement of the affairs of such Retirement Fund, its income and expenditures, and assets and liabilities, which consists of the Actuarial Valuation. With respect to the Retirement Funds, the Actuarial Valuation measures the financial position of a Retirement Fund, determines the annual amount to be contributed by the City to such Retirement Fund pursuant to the statutory requirements described above, and produces certain information mandated by the financial reporting standards issued by GASB, as described below.

In producing the Actuarial Valuations, the Retirement Funds' actuaries use demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) to produce the information required by the Prior GASB Standards or the New GASB Standards, each as hereinafter defined. The Retirement Funds' Actuarial Valuations are publicly available and may be obtained from the Retirement Funds. See **"– SOURCE INFORMATION"** above. A description of the statistics generated by the Retirement Funds' actuaries in the Actuarial Valuations follows in the next few paragraphs. This information was derived from the Source Information.

GASB, which is part of a private non-profit corporation known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These principles have no legal effect and do not impose any legal liability on the City. The references to GASB principles in this section do not suggest and should not be construed to suggest otherwise.

Prior GASB Standards

For the fiscal years discussed in this section prior to and including the year ended December 31, 2013, the applicable GASB financial reporting standards were GASB Statement No. 25 (**"GASB 25"**) and GASB Statement No. 27 (**"GASB 27"** and, together with GASB 25, the **"Prior GASB Standards"**). The Prior GASB Standards required the determination of the "Actuarially Required Contribution" (referred to in the Prior GASB Standards as the "Annually Required Contribution"), which was such pronouncement's method for calculating the annual amounts needed to fully fund the Retirement Funds. The Actuarially Required Contribution was a financial reporting requirement and not a funding requirement. The Prior GASB Standards also required the calculation of pension funding statistics such as the UAAL (as hereinafter defined) and the Funded Ratio in the Actuarial Valuation. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to a variety of approved actuarial methods, certain of which are described in **"– ACTUARIAL METHODS"** below.

As defined in GASB 25, the Actuarially Required Contribution consisted of two components: (1) that portion of the present value of pension plan benefits which is allocated to the valuation year by the actuarial cost method (as described in **"– ACTUARIAL METHODS"**

– **Actuarial Accrued Liability**” below), termed the “Normal Cost”; and (2) an amortized portion of any UAAL.

The “Actuarial Accrued Liability” was an estimate of the present value of the benefits each Retirement Fund must pay to members as a result of past employment and participation in such Retirement Fund. The Actuarial Accrued Liability was calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement date and age and mortality and disability rates). The “Actuarial Value of Assets” reflected the value of the investments and other assets held by each Retirement Fund. Various methods existed under the Prior GASB Standards for calculating the Actuarial Value of Assets and the Actuarial Accrued Liability. For a discussion of the methods and assumptions used to calculate the Retirement Funds’ Actuarial Accrued Liability and Actuarial Value of Assets under GASB 25, see “– **ACTUARIAL METHODS**” and “– **ACTUARIAL ASSUMPTIONS**” below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability was referred to as the “**Unfunded Actuarial Accrued Liability**” or “**UAAL**.” The UAAL represented the present value of benefits attributed to past service that are in excess of plan assets. In addition, the actuary computed the “**Funded Ratio**,” which was the Actuarial Value of Assets divided by the Actuarial Accrued Liability, expressed as a percentage. The Funded Ratio and the UAAL provide one way of measuring the financial health of a pension plan.

New GASB Standards

GASB 25 was replaced with GASB Statement No. 67 (“**GASB 67**”) and GASB Statement No. 68 (“**GASB 68**” and, together with GASB 67, the “**New GASB Standards**”) replaced GASB 27 beginning with the fiscal years ending December 31, 2014 and December 31, 2015, respectively. Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans. The New GASB Standards require calculation and disclosure of a “**Net Pension Liability**,” which is the difference between the actuarial present value of projected benefit payments that are attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the “**Total Pension Liability**”) and the fair market value of the pension plan’s assets (referred to as the “**Fiduciary Net Position**”). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the “**Discount Rate**,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate may be a blended rate comprised of (1) a long-term expected rate of return on a Retirement Fund’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards (a “**Blended Rate**”). Therefore, in certain cases in which the assets of a Retirement Fund are not expected to be sufficient to pay the projected benefits of

such Retirement Fund, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

The New GASB Standards no longer require the calculation of the Actuarially Required Contribution. Under the New GASB Standards, the actuaries for the Retirement Funds calculate an Actuarially Determined Contribution (“**ADC**”) on a basis set forth in its Actuarial Valuation.

City’s Contributions Not Related to GASB Standards

The City’s contributions to the Retirement Funds are not based on the contribution calculations promulgated by GASB for reporting purposes. Instead, the City’s contributions are calculated pursuant to the formulas established in the Pension Code. See “– **DETERMINATION OF CITY’S CONTRIBUTIONS**” above.

The methods for contributing to the Retirement Funds set forth in the Pension Code do not conform to the manner of funding established by the Prior GASB Standards, which was based on the Actuarially Required Contribution. Each Retirement Fund’s Actuarially Required Contribution is equal to its Normal Cost plus an amortization of the Retirement Fund’s UAAL over a 30-year period. MEABF, LABF and FABF amortize the UAAL on a level dollar basis, whereas PABF amortizes the UAAL on a level percent of payroll basis. Both methods of calculating the Actuarially Required Contribution were acceptable under the Prior GASB Standards.

Furthermore, the FABF/PABF Funding Plan and the LABF/MEABF Funding Plan (together, the “**Funding Plans**”) differ from the manner of calculation required by the Prior GASB Standards for financial reporting purposes, primarily because the goal of the Funding Plans is to reach a Funded Ratio in the respective Retirement Funds of 90 percent whereas the Prior GASB Standards required the Retirement Funds to amortize the UAAL towards attainment of a 100 percent Funded Ratio.

The following table provides information on the ADC, the City’s actual contributions in accordance with the Pension Code and the percentage of the Actuarially Required Contribution or ADC made in each year.

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TABLE 33. INFORMATION REGARDING CITY CONTRIBUTIONS – AGGREGATED (\$ IN THOUSANDS)

Fiscal Year	ADC	Actual Employer Contribution ¹	Percentage of ADC Contributed
2015	\$1,866,097	\$ 973,669 ²	52.2% ²
2016	2,198,449	590,262 ²	26.9 ²
2017	2,413,466	1,020,254	42.3
2018	2,516,037	1,236,737	49.2
2019	2,641,613	1,314,965	49.8
2020	2,827,086	1,679,072	59.4
2021	2,897,943	1,814,509	62.6
2022	3,010,532	2,277,010	75.6
2023	3,074,040	2,611,214	84.9
2024	3,193,899	2,642,499	82.7

¹ Includes the portion of PPRT contributed to the Retirement Funds in each year.

² The increase in contributions for fiscal year 2015 and subsequent decrease for fiscal year 2016 result from the timing of changes to the Pension Code with respect to PABF and FABF. P.A. 99-506, which modified the provisions of P.A. 96-1495, became effective in May 2016. Prior to the adoption of P.A. 99-506, the City's contributions to PABF and FABF were scheduled to increase substantially pursuant to P.A. 96-1495. The fiscal year 2015 Actuarial Valuations for PABF and FABF were prepared prior to the adoption of P.A. 99-506, and therefore recorded a receivable for employer contributions to be received during fiscal year 2016 based on the P.A. 96-1495 requirements. As a result of this modification, the actual employer contributions received were substantially less than the receivable reflected in the fiscal year 2015 Actuarial Valuations. For financial reporting purposes, this difference was reported as a reduction to the fiscal year 2016 employer contributions in the fiscal year 2016 Actuarial Valuations for PABF and FABF.

Sources: The Retirement Fund Financial Statements for each of the Retirement Funds. Data is presented in the aggregate for the Retirement Funds and uses assumptions and methods employed by each of the Retirement Funds.

ACTUARIAL METHODS

The Retirement Funds' actuaries employ a variety of actuarial methods to arrive at the pension statistics required by the Prior GASB Standards and the New GASB Standards. Certain of these methods are discussed in the following sections.

Actuarial Value of Assets

Under the Prior GASB Standards, the Retirement Funds calculate their respective Actuarial Value of Assets by smoothing investment gains and losses over a period of five years, a method of valuation referred to as the "**Asset Smoothing Method.**" Under the Asset Smoothing Method, the Retirement Funds recognize in the current year 20 percent of the investment gain or loss realized in that year and each of the previous four years. The Asset Smoothing Method was an allowable method of calculating the Actuarial Value of Assets under the Prior GASB Standards.

The Asset Smoothing Method lessens the immediate impact of market fluctuations on the Actuarial Value of Assets, which is used to calculate the UAAL and the Funded Ratio, that may otherwise occur as a result of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that differs from the market value of pension plan assets at the time of measurement. As a result, presenting the Actuarial Value of

Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

As described above, under the New GASB Standards, the Fiduciary Net Position is equal to the fair market value of a pension plan's assets as of the date of determination. As such, the Asset Smoothing Method does not apply to the determination of the Fiduciary Net Position under the New GASB Standards.

The following table provides a comparison of the assets of the Retirement Funds (as aggregated) on a fair value basis and after application of the Asset Smoothing Method.

TABLE 34. ACTUARIAL VALUE OF ASSETS VS.
FAIR VALUE OF NET ASSETS – AGGREGATED (\$ IN THOUSANDS)

Fiscal Year	Actuarial Value of Assets ¹	Fair Value of Net Assets	Actuarial Value as a Percentage of Fair Value
2015	\$10,391,269	\$10,084,136	103.0%
2016	9,980,946	9,488,001	105.2
2017	9,929,270	10,069,793	98.6
2018	9,656,442	8,949,746	107.9
2019	9,480,927	9,580,444	99.0
2020	9,828,348	10,110,769	97.2
2021	10,389,767	10,955,433	94.4
2022	10,828,167	9,923,162	109.1
2023	11,730,874	11,117,018	105.5
2024	12,991,735	12,417,135	104.6

¹ The Actuarial Value of Assets is calculated through use of the Asset Smoothing Method.

Sources: The Actuarial Valuations and Retirement Fund Financial Statements for the fiscal years 2015 through 2024. Data is presented in the aggregate for the Retirement Funds and uses assumptions and methods employed by each of the Retirement Funds

Actuarial Accrued Liability

As the final step in the calculation of actuarial liabilities, the actuary applies a cost method to allocate the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of the Actuarial Accrued Liability and the Normal Cost under the Prior GASB Standards and the Pension Code and the Total Pension Liability under the New GASB Standards. Currently, all of the Retirement Funds use the entry age normal actuarial cost method (the “**EAN Method**”) with costs allocated on the basis of earnings. The EAN Method was an approved actuarial cost method under the Prior GASB Standards and is the only allowable actuarial cost method under the New GASB Standards.

Under the EAN Method, the present value of each employee's projected pension is assumed to be funded by annual installments equal to a level percentage of the employee's earnings for each year between entry age and assumed exit age. As calculated pursuant to the Prior GASB Standards, each employee's Normal Cost for the current year is equal to the portion of the value

so determined, assigned to the current year. Therefore, the Normal Cost for the plan for the year is the sum of the Normal Costs of all employees.

The Actuarial Accrued Liability is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date, i.e., for past service. This value changes as the employee's salary changes and years of service increase, and as some employees leave and new employees are hired. Future Normal Cost is the portion of the present value of benefits assigned to future years of service and is assumed to be funded annually.

ACTUARIAL ASSUMPTIONS

The Actuarial Valuations of the Retirement Funds use a variety of assumptions in order to calculate the statistics required by the Prior GASB Standards and the New GASB Standards. Although several of the assumptions are the same across all of the Retirement Funds, each Retirement Fund determines, within actuarial standards, the assumptions to be used in its Actuarial Valuation unless a specific assumption is fixed by the Pension Code. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Funds. Variances between the assumptions and actual results may cause increases or decreases in the statistics calculated pursuant to the Prior GASB Standards or the New GASB Standards. Additional information on each Retirement Fund's actuarial assumptions is available in the respective 2024 Actuarial Valuation of the Retirement Funds. See **"– SOURCE INFORMATION"** above.

The actuarial assumptions used by the Retirement Funds are determined by the individual Retirement Fund Boards upon the advice of the actuary for each Retirement Fund Board. The Retirement Funds periodically perform experience studies to evaluate the actuarial assumptions in use. The purpose of an experience study is to validate that the actuarial assumptions used in the Actuarial Valuation continue to reasonably estimate the actual experience of the pension plan and, if necessary, to develop recommendations for modifications to the actuarial assumptions to ensure their continuing appropriateness.

Assumed Investment Rate of Return

The Actuarial Valuations assume an investment rate of return on the assets in each Retirement Fund. The average long-term investment rates of return currently assumed by the Retirement Funds are described in TABLE 30. INVESTMENT RATES OF RETURN above. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Funds on their assets in any year may be higher or lower than the assumed rate. Changes in the Retirement Funds' assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. As a result of the Retirement Funds' use of the Asset Smoothing Method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining gain or loss spread over the remaining four years. See **"– ACTUARIAL METHODS – Actuarial Value of Assets"** above.

The assumed investment rate of return is used by each Retirement Fund's actuary as the discount rate to determine the present value of future payments to such Retirement Fund's members. Such a determination is part of the actuary's process to develop the Actuarial Accrued

Liability under the Prior GASB Standards. Reducing the assumed investment rate of return will, taken independently of other changes, produce a larger Actuarial Accrued Liability for each Retirement Fund. Furthermore, as discussed above, an increase in the Actuarial Accrued Liability will, taken independently, increase the UAAL, decrease the Funded Ratio and increase the Actuarially Required Contribution.

Under the New GASB Standards, each Retirement Fund's actuary will calculate the Discount Rate, as described under “– **ACTUARIAL VALUATION – New GASB Standards**” above, a reduction in which will, taken independently of other factors, produce a larger Total Pension Liability for each Retirement Fund. Information regarding the Discount Rate and the sensitivity of the Total Pension Liability to changes in the Discount Rate is provided below in TABLE 43. SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE.

Because the City contributes to the Retirement Funds on an actuarial basis, decreases in the assumed investment rate of return with respect to the Retirement Funds would, taken independently of other factors, increase the City's required contributions to the Retirement Funds because the UAAL of the Retirement Funds would increase as described above, and the Funding Plans require an amortization of the UAAL to reach a 90 percent funding target.

FUNDED STATUS OF THE RETIREMENT FUNDS

In recent years, the City has contributed to the Retirement Funds the amounts determined by the City to be required by the Pension Code. Such contributions have been made from a combination of property tax revenues (through the Pension Levy), PPRT funds, General Fund revenues, enterprise revenues, and proceeds from a tax on water and sewer service in the City. However, these amounts have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the liabilities of the Retirement Funds. Moreover, expenses related to the retiree health plan (as further described below) have been paid from the City's contributions, which reduced the Actuarial Value of Assets and decreased the Funded Ratio.

Furthermore, the income from all sources (including employee contributions, City contributions and investment earnings) to the Retirement Funds has been lower than the cash outlays of the Retirement Funds in some recent years. As a result, the Retirement Funds have liquidated investments and used assets of the Retirement Funds to satisfy these cash outlays. The use of investment earnings or assets of the Retirement Funds for these purposes reduces the amount of assets on hand to pay benefits in the future and prevents the Retirement Funds from recognizing the full benefits of compounding investment returns.

The following TABLES 35 through 40 summarize the financial condition and the funding trends of the Retirement Funds.

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TABLE 35. FINANCIAL CONDITION OF THE MEABF (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGINNING NET POSITION (FAIR VALUE)	\$ 5,179,486	\$ 4,741,428	\$ 4,436,228	\$ 4,554,019	\$ 3,914,180	\$ 4,080,643	\$ 4,090,239	\$ 4,308,269	\$ 3,951,788	\$ 4,480,631
INCOME										
Employee Contributions	\$ 131,428	\$ 130,391	\$ 134,765	\$ 138,400	\$ 146,645	\$ 157,798	\$ 163,411	\$ 176,339	\$ 194,174	\$ 220,416
City Contributions	157,717	157,444	261,764	349,574	421,000	498,599	573,701	959,550	1,077,258	1,118,772
Investment Income ¹	114,025	281,419	610,514	(204,974)	560,940	335,403	498,299	(429,912)	359,991	385,713
Miscellaneous Income	--	--	5,394	--	--	--	--	--	--	--
TOTAL INCOME	\$ 403,170	\$ 569,254	\$ 1,012,437	\$ 283,000	\$ 1,128,585	\$ 991,800	\$ 1,235,411	\$ 705,977	\$ 1,631,423	\$ 1,724,902
EXPENDITURES										
Benefits and Refunds ²	\$ 834,527	\$ 867,397	\$ 888,173	\$ 916,199	\$ 955,383	\$ 975,085	\$ 1,010,191	\$ 1,055,585	\$ 1,095,929	\$ 1,141,888
Administration	6,701	\$ 7,057	6,473	6,639	6,740	7,118	7,190	6,873	6,651	6,374
TOTAL EXPENDITURES	\$ 841,228	\$ 874,454	\$ 894,646	\$ 922,838	\$ 962,123	\$ 982,203	\$ 1,017,381	\$ 1,062,458	\$ 1,102,580	\$ 1,148,262
ENDING NET POSITION (FAIR VALUE)	<u>\$ 4,741,428</u>	<u>\$ 4,436,228</u>	<u>\$ 4,554,019</u>	<u>\$ 3,914,180</u>	<u>\$ 4,080,643</u>	<u>\$ 4,090,239</u>	<u>\$ 4,308,269</u>	<u>\$ 3,951,788</u>	<u>\$ 4,480,631</u>	<u>\$ 5,057,271</u>
Actuarial Value of Assets ³	\$ 4,815,127	\$ 4,590,366	\$ 4,456,772	\$ 4,195,644	\$ 4,012,852	\$ 3,977,038	\$ 4,041,929	\$ 4,274,969	\$ 4,696,439	\$ 5,137,614
Actuarial Accrued Liabilities	14,647,115	15,055,349	16,282,396	16,808,614	17,260,356	17,814,812	18,418,023	18,752,996	19,361,981	19,926,866
UAAL (Fair Value) ⁴	\$ 9,905,687	\$10,619,121	\$11,728,377	\$12,894,434	\$13,179,713	\$13,724,573	\$14,109,754	\$14,444,727	\$15,410,193	\$14,869,594
UAAL (Actuarial Value) ³	9,831,988	10,464,983	11,825,624	12,612,970	13,247,504	13,837,774	14,376,094	14,478,027	14,665,542	14,789,252
Funded Ratio (Fair Value) ⁴	32.4%	29.5%	28.0%	23.3%	23.6%	23.0%	23.4%	23.0%	20.4%	25.38%
Funded Ratio (Actuarial Value) ³	32.9	30.5	27.4	25.0	23.2	22.3	22.0	22.8	24.3	25.78

¹ "Investment Income" is shown net of fees and expenses.

² Includes expenses related to other post-employment benefits. See "**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**" below.

³ The actuarial value is determined by application of the Asset Smoothing Method, as discussed in "**– ACTUARIAL METHODS – Actuarial Value of Assets**" above.

⁴ Calculated using "Ending Net Position (Fair Value)."

Sources: MEABF Retirement Fund Financial Statements and Actuarial Valuations for fiscal years 2015 through 2024. Totals may not sum due to rounding.

TABLE 36. FINANCIAL CONDITION OF THE PABF (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGINNING NET POSITION (FAIR VALUE)	\$ 3,062,013	\$ 3,058,948	\$ 2,865,018	\$ 3,121,413 ⁵	\$ 2,905,089	\$ 3,162,429	\$ 3,441,898	\$3,846,545*	\$ 3,486,780	\$3,869,934
INCOME										
Employee Contributions	\$ 107,626	\$ 101,476	\$ 103,011	\$ 107,186	\$ 110,792	\$ 113,622	\$ 136,225	\$ 114,403	\$ 115,162	\$ 121,412
City Contributions	582,278	281,583	494,483	588,035	581,936	739,441	788,770	801,706	942,953	1,011,371
Investment Income ¹	(5,334)	142,699	412,190	(137,977)	369,983	271,891	370,141	(324,738)	316,389	343,400
Miscellaneous Income	3092	1,413	97	1,600	32	472	92	368	109	85
TOTAL INCOME	\$ 687,662	\$ 527,171	\$ 1,009,781	\$ 558,844	\$ 1,062,743	\$ 1,125,426	\$ 1,295,228	\$ 592,162	\$ 1,374,613	\$1,476,268
EXPENDITURES										
Benefits and Refunds ²	\$ 686,664	\$ 716,821	\$ 748,390	\$ 771,104	\$ 800,668	\$ 841,598	\$ 887,077	\$ 947,560	\$ 987,199	\$1,016,120
Administration	4,063	4,280	4,345	4,065	4,734	4,311	3,385	4,338	4,260	4,626
TOTAL EXPENDITURES	\$ 690,727	\$ 721,101	\$ 752,735	\$ 775,169	\$ 805,402	\$ 845,909	\$ 890,461	\$ 951,928	\$ 991,459	\$1,020,746
ENDING NET POSITION (FAIR VALUE)	\$ 3,058,948	\$ 2,865,018	\$ 3,122,064	\$ 2,905,089	\$ 3,162,429	\$ 3,441,898	\$ 3,846,664	\$ 3,486,780	\$ 3,869,934	\$4,325,456
Actuarial Value of Assets ³	\$ 3,186,424	\$ 3,052,057	\$ 3,103,990	\$ 3,145,136	\$ 3,179,503	\$ 3,399,988	\$ 3,709,382	\$ 3,815,014	\$ 4,090,215	\$ 4,421,158
Actuarial Accrued Liabilities	11,651,188	12,856,550	13,093,883	13,214,658	14,269,770	14,703,119	15,470,643	16,020,815	17,500,210	17,948,101
UAAL (Fair Value) ⁴	\$ 8,592,240	\$ 9,991,532	\$ 9,971,819	\$10,309,570	\$11,107,342	\$11,261,172	\$11,623,978	\$12,534,035	\$13,630,276	\$13,622,644
UAAL (Actuarial Value) ³	8,464,764	9,804,493	9,989,893	10,069,522	11,090,267	11,303,131	11,761,260	12,205,800	13,409,995	13,526,943
Funded Ratio (Fair Value) ⁴	26.3%	22.3%	23.8%	22.0%	22.2%	23.4%	24.9%	21.8%	22.1%	24.10%
Funded Ratio (Actuarial Value) ³	27.4	23.7	23.7	23.8	22.3	23.1	24.0	23.8	23.4	24.63

* Beginning fund balance as restated

¹ “Investment Income” is shown net of fees and expenses.

² Includes expenses related to other post-employment benefits. See “**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**” below.

³ The actuarial value is determined by application of the Asset Smoothing Method, as discussed in “– **ACTUARIAL METHODS – Actuarial Value of Assets**” above.

⁴ Calculated using “Ending Net Position (Fair Value).”

⁵ “Beginning Net Position” was restated for fiscal years 2018.

Sources: PABF Retirement Fund Financial Statements and Actuarial Valuations for the fiscal years 2015 through 2024. Totals may not sum due to rounding.

TABLE 37. FINANCIAL CONDITION OF THE FABF (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGINNING NET POSITION (FAIR VALUE)	\$1,036,006	\$1,045,101	\$1,019,014	\$1,126,154	\$1,035,791	\$1,149,821	\$1,308,886	\$1,466,398	\$1,357,696	\$1,582,472
INCOME										
Employee Contributions	\$ 46,554	\$ 48,960	\$ 47,364	\$ 45,895	\$ 46,623	\$ 54,415	\$ 52,268	\$ 53,031	\$ 52,456	\$ 53,203
City Contributions	238,486	156,158	228,453	249,684	255,948	369,455	367,482	399,210	467,098	472,889
Investment Income ¹	7,596	55,362	140,507	(58,049)	161,033	105,330	129,514	(155,590)	129,524	105,358
Miscellaneous Income	7	5,526	86	54	557	50	5	5	7	5
TOTAL INCOME	\$ 292,643	\$ 266,006	\$ 416,410	\$ 237,584	\$ 464,160	\$ 529,249	\$ 549,268	\$ 296,656	\$ 649,085	\$ 631,455
EXPENDITURES										
Benefits and Refunds ²	\$ 280,398	\$ 288,876	\$ 306,098	\$ 324,662	\$ 346,338	\$ 366,160	\$ 388,675	\$ 401,968	\$ 420,725	\$ 435,756
Administration	3,150	3,217	3,172	3,285	3,791	4,023	3,082	3,390	3,584	3,932
TOTAL EXPENDITURES	\$ 283,548	\$ 292,093	\$ 309,270	\$ 327,947	\$ 350,129	\$ 370,184	\$ 391,757	\$ 405,358	\$ 424,309	\$ 439,688
ENDING NET POSITION (FAIR VALUE)	<u>\$1,045,101</u>	<u>\$1,019,014</u>	<u>\$1,126,154</u>	<u>\$1,035,791</u>	<u>\$1,149,821</u>	<u>\$1,308,886</u>	<u>\$1,466,398</u>	<u>\$1,357,696</u>	<u>\$1,582,472</u>	<u>\$1,774,239</u>
Actuarial Value of Assets ³	\$1,081,042	\$1,074,858	\$1,123,389	\$1,130,370	\$1,137,089	\$1,275,913	\$1,409,810	\$1,498,782	\$1,668,552	\$1,826,858
Actuarial Accrued Liabilities	4,666,801	5,045,890	5,582,426	6,155,919	6,256,060	6,570,504	7,004,906	7,216,409	7,318,750	7,487,555
UAAL (Fair Value) ⁴	\$3,621,700	\$4,026,876	\$4,456,272	\$5,120,128	\$5,106,239	\$5,261,618	\$5,538,508	\$5,858,714	\$5,736,278	\$5,713,316
UAAL (Actuarial Value) ³	3,585,759	3,971,032	4,459,037	5,025,549	5,118,971	5,294,591	5,595,096	5,717,628	5,650,198	5,660,698
Funded Ratio (Fair Value) ⁴	22.4%	20.2%	20.2%	16.8%	18.4%	19.9%	20.9%	18.8%	21.6%	23.7%
Funded Ratio (Actuarial Value) ³	23.2	21.3	20.1	18.4	18.2	19.4	20.1	20.8	22.8	24.4

¹ "Investment Income" is shown net of fees and expenses.

² Includes expenses related to other post-employment benefits. See "**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**" below.

³ The actuarial value is determined by application of the Asset Smoothing Method, as discussed in "**– ACTUARIAL METHODS – Actuarial Value of Assets**" above.

⁴ Calculated using "Ending Net Position at Fair Value."

Sources: FABF Retirement Fund Financial Statements and Actuarial Valuations for the fiscal years 2015 through 2024. Totals may not sum due to rounding.

TABLE 38. FINANCIAL CONDITION OF THE LABF (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGINNING NET POSITION (FAIR VALUE)	\$1,388,092	\$1,238,657	\$1,167,741	\$1,267,555	\$1,094,684	\$1,187,549	\$1,269,742	\$1,334,102	\$1,126,898	\$1,183,981
INCOME										
Employee Contributions	\$ 16,844	\$ 17,246	\$ 17,411	\$ 17,837	\$ 18,143	\$ 18,064	\$ 17,637	\$ 19,069	\$ 19,136	\$ 24,229
City Contributions	14,567	14,443	35,457	47,844	59,346	73,744	84,969	116,176	123,796	147,466
Investment Income ¹	(22,318)	57,998	207,982	(75,219)	184,027	163,057	138,105	(161,680)	98,494	91,804
Miscellaneous Income	--	--	--	662	--	--	--	--	--	--
TOTAL INCOME	\$ 9,093	\$ 89,687	\$ 260,850	\$ (8,876)	\$ 261,516	\$ 254,865	\$ 240,711	\$ (26,435)	\$ 241,426	\$263,499
EXPENDITURES										
Benefits and Refunds ²	\$ 154,683	\$ 156,523	\$ 157,050	\$ 160,061	\$ 164,959	\$ 169,057	\$ 172,514	\$ 177,162	\$ 180,947	\$183,828
Administration	3,844	4,080	3,985	3,933	3,691	3,616	3,837	3,607	3,396	3,482
TOTAL EXPENDITURES	\$ 158,528	\$ 160,603	\$ 161,035	\$ 163,994	\$ 168,650	\$ 172,673	\$ 176,352	\$ 180,769	\$ 184,343	\$187,310
ENDING NET POSITION (FAIR VALUE)	<u>\$1,238,657</u>	<u>\$1,167,741</u>	<u>\$1,267,555</u>	<u>\$1,094,684</u>	<u>\$1,187,549</u>	<u>\$1,269,742</u>	<u>\$1,334,102</u>	<u>\$1,126,898</u>	<u>\$1,183,981</u>	<u>\$1,260,169</u>
Actuarial Value of Assets ³	\$1,308,676	\$1,263,665	\$1,245,119	\$1,185,292	\$1,151,483	\$1,175,408	\$1,228,646	\$1,239,402	\$1,275,668	\$1,318,234
Actuarial Accrued Liabilities	2,467,746	2,509,273	2,578,745	2,652,875	2,701,906	2,735,456	2,760,755	2,785,868	3,032,269	3,091,060
UAAL (Fair Value) ⁴	\$1,229,089	\$1,341,532	\$1,311,189	\$1,558,189	\$1,514,355	\$1,465,713	1,426,653	\$1,658,970	\$1,848,288	\$1,830,891
UAAL (Actuarial Value) ³	1,159,070	1,245,608	1,333,626	1,467,583	1,550,423	1,560,047	1,532,110	1,546,467	1,756,601	1,772,827
Funded Ratio (Fair Value) ⁴	50.2%	46.5%	49.2%	41.3%	44.0%	46.4%	48.3%	40.5%	39.0%	40.77%
Funded Ratio (Actuarial Value) ³	53.0	50.4	48.3	44.7	42.6	43.0	44.5	44.5	42.1	42.65

¹ "Investment Income" is shown net of fees and expenses.

² Includes expenses related to other post-employment benefits. See "**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**" below.

³ The actuarial value is determined by application of the Asset Smoothing Method, as discussed in "**ACTUARIAL METHODS – Actuarial Value of Assets**" above.

⁴ Calculated using "Ending Net Position (Fair Value)."

Sources: LABF Retirement Fund Financial Statements and Actuarial Valuations for the fiscal years 2015 through 2024. Totals may not sum due to rounding.

TABLE 39. FINANCIAL CONDITION OF THE RETIREMENT FUNDS COMBINED (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGINNING NET POSITION (FAIR VALUE)	\$10,665,597	\$10,084,134	\$ 9,488,001	\$10,069,141	\$ 8,949,745	\$ 9,580,442	\$10,110,766	\$10,955,314*	\$ 9,923,162	\$11,117,019
INCOME										
Employee Contributions	\$ 302,452	\$ 298,073	\$ 302,551	\$ 309,318	\$ 322,203	\$ 343,898	\$ 369,541	\$ 362,842	\$ 380,928	\$419,261
City Contributions	993,048	609,628	1,020,157	1,235,137	1,318,230	1,681,239	1,814,922	2,276,642	2,611,105	\$2,750,498
Investment Income ¹	93,969	537,478	1,371,193	(476,219)	1,275,982	875,681	1,136,056	(1,071,920)	904,398	\$926,274
Miscellaneous Income	3,099	6,939	5,577	2,316	589	522	99	373	116	90
TOTAL INCOME	\$ 1,392,568	\$ 1,452,118	\$ 2,699,478	\$ 1,070,552	\$ 2,917,004	\$ 2,901,341	\$ 3,320,618	\$ 1,568,360	\$ 3,896,547	\$4,096,124
EXPENDITURES										
Benefits and Refunds ²	\$ 1,956,272	\$ 2,029,617	\$ 2,099,711	\$ 2,172,026	\$ 2,267,348	\$ 2,351,900	\$ 2,458,457	\$ 2,582,275	\$ 2,684,800	\$2,777,592
Administration	17,758	18,634	17,975	17,922	18,957	19,068	17,494	18,208	17,891	\$18,415
TOTAL EXPENDITURES	\$ 1,974,030	\$ 2,048,251	\$ 2,117,686	\$ 2,189,948	\$ 2,286,305	\$ 2,371,016	\$ 2,475,950	\$ 2,600,513	\$ 2,702,691	\$2,796,007
ENDING NET POSITION (FAIR VALUE)	<u>\$10,084,134</u>	<u>\$ 9,488,001</u>	<u>\$10,069,792</u>	<u>\$ 8,949,744</u>	<u>\$ 9,580,442</u>	<u>\$10,110,766</u>	<u>\$10,955,433</u>	<u>\$9,923,162</u>	<u>\$11,117,018</u>	<u>\$12,417,136</u>
Actuarial Value of Assets ³	\$10,391,269	\$ 9,980,946	\$ 9,929,270	\$ 9,656,442	\$ 9,480,927	\$ 9,828,348	\$10,389,767	\$10,828,167	\$11,730,874	\$12,703,863
Actuarial Accrued Liabilities	33,432,850	35,467,062	37,537,450	38,832,066	40,488,093	41,823,891	43,654,326	44,776,089	47,213,210	\$48,453,582
UAAL (Fair Value) ⁴	\$23,348,714	\$25,979,061	\$27,467,657	\$29,882,320	\$30,907,648	\$31,713,076	\$32,698,893	\$34,496,446	\$36,625,035	\$36,036,447
UAAL (Actuarial Value) ³	23,041,581	25,486,116	27,608,180	29,175,624	31,007,166	31,995,543	33,264,559	33,947,922	35,482,336	35,749,719
Funded Ratio (Fair Value) ⁴	30.2%	26.8%	26.8%	23.0%	23.7%	24.2%	25.1%	23.0%	22.4%	25.63%
Funded Ratio (Actuarial Value) ³	31.1	28.1	26.5	24.9	23.4	23.5	23.8	24.2	24.8	26.22

* Reflects restated balance of PABF.

¹ "Investment Income" is shown net of fees and expenses.

² Includes expenses related to other post-employment benefits beginning in each of the fiscal years as shown in Footnote 2 in TABLES 40 through 43 herein for each respective Retirement Fund. See **"OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS"** below.

³ The actuarial value is determined by application of the Asset Smoothing Method, as discussed in **"– ACTUARIAL METHODS – Actuarial Value of Assets"** above.

⁴ Calculated using "Ending Net Position (Fair Value)."

Sources: Retirement Fund Financial Statements and Actuarial Valuations for the fiscal years 2015 through 2024. Totals may not sum due to rounding.

TABLE 40. SCHEDULE OF FUNDING PROGRESS – COMBINED FOR THE RETIREMENT FUNDS (FISCAL YEARS 2015-2024) (\$ IN THOUSANDS)

Fiscal Year	Actuarial Accrued Liability ¹	Actuarial Value of Assets ²	Fair Value of Net Assets	UAAL (Actuarial) ³	UAAL (Fair Value) ⁴	Funded Ratio (Actuarial) ³	Funded Ratio (Fair Value) ⁴	Payroll	UAAL to Payroll (Actuarial) ³	UAAL to Payroll (Fair Value) ⁴
2015	\$33,432,850	\$10,391,269	\$10,084,136	\$23,041,581	\$23,348,714	31.1%	30.2%	3,495,288	659.2%	668.0%
2016	35,467,062	9,980,946	9,488,001	25,486,116	25,979,061	28.1	26.8	3,449,710	738.8	753.1
2017	37,537,450	9,929,270	10,069,793	27,608,180	27,467,657	26.5	26.8	3,514,788	785.5	781.5
2018	38,832,066	9,656,442	8,949,746	29,175,624	29,882,320	24.9	23.0	3,608,098	808.6	828.2
2019	40,488,093	9,480,927	9,580,444	31,007,166	30,907,648	23.4	23.7	3,700,467	837.9	835.2
2020	41,823,891	9,828,348	10,110,766	31,995,543	31,713,076	23.5	24.2	3,765,448	849.7	842.2
2021	43,654,326	10,389,767	10,955,433	33,264,559	32,698,893	23.8	25.1	3,991,688	833.4	819.2
2022	44,776,089	10,828,167	9,923,162	33,947,922	34,496,446	24.2	23.0	4,179,794	812.2	825.3
2023	47,213,210	11,730,874	11,117,018	35,482,336	36,625,035	24.8	22.4	4,485,461	791.1	816.5
2024	48,889,364	12,991,735	12,417,135	35,897,629	36,472,229	26.6	25.4	4,705,440	762.9	775.1

¹ Does not include liability related to other post-employment benefits. See “**OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS**” below.

² The actuarial value is determined by application of the Asset Smoothing Method, as discussed in “– **ACTUARIAL METHODS – Actuarial Value of Assets**” above.

³ For purposes of this column, “Actuarial” refers to the fact that the calculation was made using the “Actuarial Value of Assets.”

⁴ For purposes of this column, “Fair Value” refers to the fact that the calculation was made using the “Fair Value of Net Assets.”

Sources: Retirement Fund Financial Statements and Actuarial Valuations for each of the Retirement Funds for the fiscal years 2015 through 2024. Totals may not sum due to rounding.

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A variety of factors impact the Retirement Funds' UAAL and Funded Ratio. A lower return on investment than that assumed by the Retirement Funds and insufficient contributions when compared to the Normal Cost plus interest will each cause an increase in the UAAL and a decrease in the Funded Ratio. Conversely, higher returns on investment than assumed and contributions in excess of Normal Cost plus interest will decrease the UAAL and increase the Funded Ratio. In addition, legislative amendments, changes in actuarial assumptions, including, specifically, a change in the investment rate of return assumption, and certain other factors (including, but not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed) will have an impact on the UAAL and the Funded Ratio.

NET PENSION LIABILITY AND DISCOUNT RATE

As described in “– **ACTUARIAL VALUATION – New GASB Standards**” above, the New GASB Standards require the calculation of the Net Pension Liability, which is the difference between the Total Pension Liability and the Fiduciary Net Position. Furthermore, the Discount Rate is the blended rate at which the actuaries of the Retirement Funds discount projected benefit payments to their actuarial present values.

The following TABLES 41 and 42 present information on the Net Pension Liability and the components thereof, the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

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TABLE 41. NET PENSION LIABILITY (\$ IN THOUSANDS)

	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability	Discount Rate
MEABF					
2018	\$16,808,614	\$3,914,180	\$12,894,434	23.3%	7.00%
2019	17,260,356	4,080,642	13,179,714	23.6	7.00
2020	17,814,812	4,090,239	13,724,573	23.0	7.00
2021	18,401,580	4,308,269	14,093,311	23.4	7.00
2022	19,107,887	3,951,788	15,156,099	20.6	6.75
2023	20,168,740	4,480,631	15,688,109	22.2	6.75
2024	20,205,143	5,057,271	15,147,871	25.0	6.62
LABF					
2018	\$2,693,404	\$1,094,683	\$1,598,721	40.6%	7.11%
2019	2,775,649	1,187,549	1,588,100	42.8	7.00
2020	2,858,334	1,269,742	1,588,592	44.4	6.84
2021	2,905,524	1,334,102	1,571,422	45.9	6.77
2022	2,820,842	1,126,898	1,693,944	40.0	7.25
2023	3,071,577	1,183,981	1,887,596	38.6	6.63
2024	3,127,453	1,260,169	1,867,284	40.3	6.64
PABF					
2018	\$13,313,258	\$2,905,180	\$10,408,078	21.8%	7.18%
2019	14,789,602	3,162,429	11,627,173	21.4	6.43
2020	15,494,740	3,441,898	12,052,842	22.2	6.28
2021	16,340,008	3,846,664	12,493,344	23.5	6.26
2022	16,214,630	3,486,780	12,727,850	21.5	6.75
2023	17,762,046	3,869,934	13,892,112 ⁽¹⁾	21.7	6.75
2024	18,130,037	4,325,456	13,804,580	23.9	6.66
FABF					
2018	\$6,252,360	\$1,035,790	\$5,216,570	16.6%	6.61%
2019	6,542,491	1,149,821	5,392,670	17.6	6.34
2020	6,901,131	1,308,887	5,592,244	19.0	6.30
2021	7,004,906	1,466,398	5,538,508	20.9	6.75
2022	7,216,409	1,357,696	5,858,713	18.8	6.75
2023	7,318,750	1,582,472	5,736,278	21.6	6.75
2024	7,487,555	1,774,239	5,713,317	23.7	6.75
TOTAL					
2018	\$39,067,636	\$ 8,949,833	\$30,117,803	22.9%	
2019	41,368,098	9,580,441	31,787,657	23.2	
2020	43,069,017	10,110,766	32,958,251	23.5	
2021	44,652,018	10,955,433	33,696,585	24.5	
2022	45,359,768	9,923,162	35,436,606	21.9	
2023	48,321,113	11,117,018	37,204,095 ⁽¹⁾	23.0	
2024	48,950,188	12,417,135	36,533,052	25.4	

Source: The Retirement Fund Financial Statements for the respective fiscal years of the Retirement Funds.

⁽¹⁾ The City attributes a large part of the increase in the Net Pension Liability for fiscal year 2023 to the adoption of Public Act 103-0582 (commonly referred to as the “**Police Birthdate Bill**”). The Police Birthdate Bill permanently raised the cost-of-living adjustment for officers aged 55 and over to 3.0% from 1.5%.

TABLE 42. SENSITIVITY OF NET PENSION LIABILITY TO
CHANGES IN THE DISCOUNT RATE (FISCAL YEAR 2024) (\$ IN THOUSANDS)

	1% Decrease	Discount Rate Used in Fiscal Year 2024 Actuarial Valuation	1% Increase
MEABF			
Discount Rate	5.62%	6.62% ¹	7.62%
Net Pension Liability	\$17,576,843	\$15,147,872	\$13,116,558
LABF			
Discount Rate	5.64%	6.64% ¹	7.64%
Net Pension Liability	\$ 2,232,731	\$ 1,867,283	\$ 1,560,411
PABF			
Discount Rate	5.66%	6.66% ¹	7.66%
Net Pension Liability	\$16,046,801	\$13,804,580	\$11,940,359
FABF			
Discount Rate	5.75%	6.75%	7.75%
Net Pension Liability	\$ 6,580,982	\$ 5,713,318	\$ 4,984,482

Source: The Retirement Fund Financial Statements for Fiscal Year 2024.

¹ The Discount Rate in the Fiscal Year 2043 Actuarial Valuation for each of MEABF, LABF and PABF constitutes a Blended Rate that is lower than the respective investment rate of return assumed by such funds. A Blended Rate was employed by the actuaries for such Retirement Funds because, based on actuarial standards and assumptions, the net position and projected future contributions for Retirement Funds are projected to be sufficient to finance benefit payments through the year 2080, which is short of the 100 year projection period required by the New GASB Standards. See “**ACTUARIAL VALUATION-New GASB Standards**” herein. In the Fiscal Year 2023 Actuarial Valuation, projected benefit payments are discounted during the time that assets are expected to be available to finance benefit payments at the assumed discount rate. Benefit payments beyond such year through the remainder of the 100-year projection period are discounted at a rate determined by a municipal bond index rate, which was 4.08% for each such Retirement Fund. The municipal bond rate and the assumed discount rate are blended to establish a single Blended Rate for each Retirement Fund. The Discount Rates set forth in this table for MEABF, PABF and LABF are the applicable Blended Rates for such Retirement Funds.

PROJECTION OF FUNDED STATUS

The following projections (collectively, the “**Pension Projections**”) are based upon numerous variables that are subject to change. The Pension Projections are provided to indicate expected trends in the future funded status of the Retirement Funds. The Pension Projections are forward-looking statements regarding future events based on the current provisions of the Pension Code, the Retirement Funds’ actuarial assumptions and assumptions made regarding such future events, including the assumption that all projected contributions to the Retirement Funds are made as required. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented in this subsection. See “**FORWARD-LOOKING STATEMENTS.**”

The Pension Projections reflect the current provisions of the Pension Code and are based on data as of December 31, 2024. The Pension Projections do not consider the effects of the Pension Funding Policy on the future fair value of assets, UAAL, Funded Ratio and employer contributions of the Retirement Funds set forth in the following tables. Furthermore, the Pension

Projections provided in this section with respect to MEABF combine pension and certain post-employment healthcare benefits liabilities together in a single projection, whereas the projections with respect to the other Retirement Funds exclude such liabilities. Therefore, MEABF's projections overstate the Actuarial Accrued Liability solely related to pensions. The City's post-employment healthcare liabilities may be reduced as a result of the Lawsuit (as hereinafter defined). See **"OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS – CITY FUNDING OF HEALTHCARE BENEFITS"** herein.

In addition, the Pension Projections do not include the impact of P.A. 104-0065 with respect to PABF and FABF which was approved subsequent to the production of the Pension Projections for such Retirement Funds. See **"EFFECT OF P.A. 104-0065"** herein.

TABLE 43. PROJECTION OF FUTURE FUNDING STATUS – MEABF (\$ IN THOUSANDS)

Fiscal Year	Actuarial Accrued Liability (a)	Market Value of Assets (b)	Market UAAL (a-b)	Market Funded Ratio (b/a)	Employer Contribution ¹
2026	\$20,846,455	\$5,148,162	\$15,698,293	24.7%	\$955,739
2030	22,452,446	6,228,594	16,223,852	27.7%	1,021,787
2035	24,080,982	7,286,468	16,794,514	30.3%	1,132,284
2040	25,362,219	8,620,659	16,741,560	34.0%	1,251,925
2045	26,541,118	12,098,553	14,442,565	45.6%	1,388,774
2050	27,975,950	16,213,841	11,762,109	58.0%	1,540,668
2055	29,697,413	22,575,818	7,121,595	76.0%	1,701,610
2060	31,734,855	28,561,369	3,173,486	90.0%	1,724,011

¹ Represents contributions expected to be made by the City during the fiscal year pursuant to the Pension Code.

² The Actuarial Valuation for MEABF calculates the UAAL and the Funded Ratio on an actuarial basis. The values shown in this table have been calculated using the Fair Value of Assets.

Source: The Actuarial Valuation of MEABF as of December 31, 2024.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding. Includes post-employment healthcare liabilities as described in the paragraph preceding this table. Projections are calculated on a cash basis.

TABLE 44. PROJECTION OF FUTURE FUNDING STATUS — LABF (\$ IN THOUSANDS)

Fiscal Year	Actuarial Accrued Liability (a)	Market Value of Assets (b)	Market UAAL (a-b)	Market Funded Ratio (b/a)	Employer Contribution ¹
2026	\$3,189,127	\$1,319,068	\$1,870,059	41.4%	\$136,574
2030	3,340,429	1,413,512	1,926,917	42.3%	146,966\
2035	3,429,348	1,483,879	1,945,469	43.3%	161,093
2040	3,434,956	1,554,611	1,880,345	45.3%	175,799
2045	3,430,553	1,728,187	1,702,366	50.4%	190,594
2050	3,486,802	2,115,076	1,371,726	60.7%	205,728
2055	3,619,945	2,789,746	830,199	77.1%	220,765
2060	3,824,600	3,442,140	382,460	90.0%	65,389

¹ Represents contributions expected to be made by the City during the following fiscal year pursuant to the Pension Code. The funded ratio includes these contributions as receivable contributions.

Source: The Actuarial Valuation of LABF as of December 31, 2024. Projections are calculated on a cash basis.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

TABLE 45. PROJECTION OF FUTURE FUNDING STATUS – FABF (\$ IN THOUSANDS)

Fiscal Year	Actuarial Accrued Liability (a)	Market Value of Assets (b)	Market UAAL (a-b)	Market Funded Ratio (b/a)	Employer Contribution ¹
2026	\$7,797,442	\$2,054,528	\$5,742,914	26.3%	\$441,747
2030	8,339,653	2,589,897	5,749,756	31.1%	485,466
2035	8,893,403	3,350,107	5,543,296	37.7%	526,969
2040	9,361,956	4,299,393	5,062,563	45.9%	566,339
2045	9,768,622	5,510,109	4,258,513	56.4%	597,540
2050	10,096,611	7,106,723	2,989,888	70.4%	633,699
2055	10,384,451	9,346,006	1,038,445	90.0%	767,664
2060	10,693,038	9,623,734	1,069,304	90.0%	185,083

¹ Represents contributions expected to be made by the City during the fiscal year.

Source: The Actuarial Valuation of FABF as of December 31, 2024. Projections are calculated on an accrual basis. However, with respect to the “Employer Contribution” column, the City has presented the data based on the year the employer contribution is actually made, rather than the preceding budget year.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

TABLE 46. PROJECTION OF FUTURE FUNDING STATUS — PABF (\$ IN THOUSANDS)

Fiscal Year	Actuarial Accrued Liability (a)	Market Value of Assets (b)	Market UAAL (a-b)	Market Funded Ratio (b/a)	Employer Contribution ¹
2026	\$18,834,817	\$5,014,126	\$13,820,691	26.6%	\$1,040,273
2030	20,485,896	6,541,768	13,944,128	31.9%	1,154,398
2035	22,165,853	8,667,529	13,498,324	39.1%	1,240,055
2040	23,366,090	10,973,690	12,392,400	47.0%	1,291,324
2045	24,305,695	13,853,522	10,452,173	57.0%	1,357,724
2050	25,064,876	17,727,616	7,337,260	70.7%	1,438,904
2055	25,657,998	23,092,231	2,565,767	90.0%	1,529,208

¹ Represents contributions expected to be made by the City during the fiscal year.

Source: The Actuarial Valuation of PABF as of December 31, 2024. Projections are calculated on an accrual basis. However, with respect to the “Employer Contribution” column, the City has presented the data based on the year the employer contribution is actually made, rather than the preceding budget year.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

EFFECT OF P.A. 104-0065

P.A. 104-0065 amended the Pension Code with respect to FABF and PABF by making certain modifications to the benefits provided to Tier 2 Members of such Retirement Funds. The modifications increase benefits for these Tier 2 Members to address concerns that such benefits could, without adjustment, fall below safe harbor provisions related to the federal Social Security program.

Considered independently of other factors, the provisions of P.A. 104-0065 will have the effect of increasing the Actuarial Accrued Liability of FABF and PABF. In addition, P.A. 104-0065 will, when considered independently of other factors, increase the City's required contributions to FABF and PABF.

Projections related to the impact of P.A. 104-0065 will be released by the Retirement Funds in conjunction with the 2025 Actuarial Valuations. In the interim, the City has had preliminary projections prepared related to the City's future contributions to FABF and PABF. These preliminary projections indicate that P.A. 104-0065 will result in a decrease in the City's contributions to such Retirement Funds in the short-term but will eventually result in an overall increase in the City's contributions. The effects of P.A. 104-0065 on the City's contributions will begin with the calendar year 2027 contribution.

These preliminary projections estimate that P.A. 104-0065 would have the following effects on FABF and PABF: (i) increase the Actuarial Accrued Liability of PABF by approximately \$218 million as of December 31, 2025 and \$7.9 billion by December 31, 2055; (ii) increase the Actuarial Accrued Liability of FABF by \$69 million as of December 31, 2025 and \$3.2 billion by December 31, 2055; (iii) increase the City's required contributions to PABF by approximately \$4.584 billion over the period from contribution year 2026 through contribution year 2055 (\$1.130 billion on a present value basis); and (iv) increase the City's required contributions to FABF by approximately \$2.030 billion over the period from contribution year 2026 through contribution year 2055 (\$441 million on a present value basis).

These preliminary projections were made based on the data available at the time P.A. 104-0065 was enacted into law and have not been updated. These preliminary projections are forward-looking in nature and were developed using assumptions that were currently available at the time such projections were made. These preliminary projections are subject to certain risk and uncertainties and should not be relied on as fact. The City makes no prediction as to whether actual results will differ from those contained in these preliminary projections.

ENTERPRISE FUND ALLOCATION OF RETIREMENT FUND COSTS

The City allocates to its enterprise funds their share of the City's annual contribution to the Retirement Funds based upon the amount of services provided by City employees to the functions or enterprises related to or paid out of those funds. The enterprise funds account for their allocable share of the City's contributions to the Retirement Funds as operating and maintenance expenses. In addition, beginning in 2015, the financial statements of the enterprise funds include an allocation of the applicable Net Pension Liability to such enterprise funds as required by the New GASB Standards. The amounts allocable to the respective enterprise funds may be significant and may have a material effect on such financial statements. For fiscal year 2024, the City budgeted for the enterprise funds to reimburse the City approximately \$266.8 million, or 6.9 percent of the total appropriation, consisting of the allocable share of the City's pension contribution by the enterprise funds as follows: (i) from the Water Fund, \$91.5 million, (ii) from the Sewer Fund, \$33.8 million, (iii) from the Chicago Midway International Airport Fund, \$25.4 million, and (iv) from the Chicago O'Hare International Airport Fund, \$116.1 million. These reimbursements include the amounts allocable to each enterprise fund for its share of the 2024 Advance Pension Contribution.

The allocations described in this subsection are not required by statute but represent the City's current method of allocating its pension costs. The City may alter the manner in which it allocates its pension costs to these funds at any time.

OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS

CITY FUNDING OF POST-RETIREMENT HEALTHCARE BENEFITS

The City provides certain post-retirement health care benefits to certain former City employees (together, the **"OPEB Benefits"**). The OPEB Benefits consist of two separate components.

One portion of the OPEB Benefits consists of payments to City employees who retired before August 23, 1989. With respect to these employees, the City has offered a healthcare plan and agreed to pay up to 55 percent of the cost of that plan to those retirees for their lifetime (the **"Health Benefits"**).

The second portion of the OPEB Benefits is governed by the CBAs with the FOP, PBPA (Sergeants, Lieutenants and Captains) and the Local 2. Under these CBAs, certain retired PABF and FABF participants who retire after reaching age 55 with the required years of service are eligible to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members until the Medicare eligibility age (the **"CBA Special Benefits"**). These members are required to contribute a percentage of their pension for healthcare coverage. The percentage that these retirees contribute varies depending on their age upon retirement: retirees retiring between ages 55 and 60 must contribute 3.5 percent of their pension, and those retiring at an age exceeding 60 years must contribute 1.5 percent of their pension. Neither PABF nor FABF currently makes contributions for their members with respect to these benefits, although PABF contributed \$95 per month for its participating members prior to January 1, 2017. It is not known at this time whether the CBA Special Benefits will be eliminated, modified or extended under a new CBA.

CITY FUNDING OF OPEB BENEFITS

OPEB Benefits have been funded on a pay-as-you-go basis, which means no assets are accumulated to pay for the liabilities with respect to these benefits. See TABLE 48. HISTORY OF CITY'S CONTRIBUTIONS below for a schedule of historical contributions made by the City with respect to the OPEB Benefits.

The City's contributions to the Retirement Funds are made in accordance with the Pension Code, as described under **"PENSION BENEFITS PROVIDED BY THE CITY"** herein. TABLES 35 through 39 under **"PENSION BENEFITS PROVIDED BY THE CITY"** herein present the Retirement Funds' statement of net assets, which incorporate the contributions described in this section as part of the "Administration" line item.

ACTUARIAL CONSIDERATIONS

General

The City has an Actuarial Valuation completed for its contributions toward the OPEB Benefits annually. The purpose and process behind an Actuarial Valuation are described above under **“PENSION BENEFITS PROVIDED BY THE CITY – ACTUARIAL VALUATION.”** In addition, the Retirement Funds produce an Actuarial Valuation for the liability of each Retirement Fund to its retirees for the Health Benefits.

This section addresses the funded status of the City’s obligation to make payments for the OPEB Benefits. For additional information on the amounts owed to members of the Retirement Funds for retiree healthcare benefits, *see* the Actuarial Valuations of the Retirement Funds, which are available as described in **“PENSION BENEFITS PROVIDED BY THE CITY – SOURCE INFORMATION”** above, and Note 11 to the 2024 City ACFR.

Actuarial Valuations

The Actuarial Valuations utilize various actuarial methods and assumptions similar to those described in **“PENSION BENEFITS PROVIDED BY THE CITY”** above with respect to the Retirement Funds. The City does not use an actuarial method to calculate the Actuarial Value of Assets with respect to the OPEB Benefits because no assets are accumulated therein for payment of future benefits. As such, the Actuarial Value of Assets for the OPEB Benefits is always zero. Information regarding the specific actuarial methods and assumptions used in preparing the valuations for the OPEB Benefits are set forth in the 2024 City ACFR.

FUNDED STATUS

The following TABLES 47 and 48 provide information with respect to the funding progress with respect to retiree healthcare benefits as well as the City’s contributions with respect to such benefits.

The City’s net OPEB liability of the OPEB Benefits as of December 31, 2024, as determined in the Actuarial Valuation of that date, was \$2,067,352,000. The OPEB Benefits are funded on a pay-as-you-go basis, which means no assets are accumulated to pay for the liabilities of the OPEB Benefits. TABLE 47. SCHEDULE OF FUNDING PROGRESS provides additional information regarding the calculation of the net OPEB liability.

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TABLE 47. SCHEDULE OF FUNDING PROGRESS (\$ IN THOUSANDS)

Year	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a Percentage of Total OPEB Liability
2020	\$1,963,340 ¹	\$0	\$1,963,340	0.00%
2021	2,000,017	0	2,000,017	0.00
2022	1,835,039	0	1,835,039	0.00
2023	2,015,400	0	2,015,400	0.00
2024	2,067,352	0	2,067,352	0.00

¹ Increase in "Total OPEB Liability" is due primarily to change in assumptions.

Sources: 2024 and 2023 City ACFRs.

TABLE 48. HISTORY OF CITY'S CONTRIBUTIONS below shows the net contributions made by the City with respect to retiree healthcare benefits described in this section in each of the last 10 fiscal years.

TABLE 48. HISTORY OF CITY'S CONTRIBUTIONS (\$ IN THOUSANDS)

Year	Actual City Contribution
2015	\$96,551
2016	89,671
2017	82,515
2018	70,578
2019	70,277
2020	74,487
2021	90,978
2022	87,211
2023	91,180
2024	95,615

Sources: Respective City CAFR for the years 2015 through 2021 and City ACFR for the years 2022 through 2024.

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INVESTMENT CONSIDERATIONS

The following discussion of investment considerations should be reviewed by prospective investors before purchasing the Series 2026 Bonds. The following discussion summarizes some, but not all, of the possible investment considerations that could adversely affect the ability of the City to pay debt service on all or a portion of the Series 2026 Bonds on a timely basis or in full and could have an adverse effect on the liquidity and/or market value of the Series 2026 Bonds. The discussion does not address every possible legal challenge that could result in a decision that would cause property taxes to be reduced or eliminated. There can be no assurance that other factors not discussed herein will not become material in the future.

ADVERSE CHANGE IN LAWS

There are a variety of State and federal laws, regulations and constitutional provisions that apply to the City's ability to raise taxes, fund its pension obligations or to reorganize its debts. 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, either directly or indirectly, on the City or the taxing authority of the City, which could materially adversely affect the City's operations or financial condition.

For example, the Illinois Property Tax Code limits, among other things, the amount of property tax that can be extended for non-home rule units of local government located in certain counties, including Cook County and DuPage County (the "**State Tax Cap**"). As a home rule unit of government, the City is not subject to the State Tax Cap. A number of bills have been introduced in the Illinois General Assembly to limit or freeze property taxes, including those imposed by home rule units of local government such as the City. The application of the State Tax Cap to the City or any other measure that would limit or freeze property taxes imposed by the City would require a three-fifths vote of each house of the Illinois General Assembly. If the City were to become subject to a State-imposed property tax limitation restriction in the future, the City's ability to levy property taxes in amounts needed for its future funding needs may be adversely affected. See "**APPENDIX F – INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES.**"

EFFECT OF FUTURE RATINGS DOWNGRADES

The interest rate the City pays on new issuances of general obligation debt is highly dependent on the City's credit ratings, and downward changes in the City's ratings could result in higher interest rates payable by the City on future bond issuances and other borrowings.

Ratings downgrades below certain threshold levels would qualify as an event of default under the line of credit agreements, which currently consist of the Line of Credit Agreements. Such defaults could result in the City having to immediately repay any outstanding borrowings under the outstanding general obligation lines of credit. In such event, the City's liquidity position could be adversely affected. See "**GENERAL OBLIGATION DEBT – SHORT-TERM GENERAL OBLIGATION DEBT.**"

UNFUNDED PENSIONS

The Retirement Funds have significant unfunded liabilities and low funding ratios. The City's required contributions to the Retirement Funds are projected to increase in future years as set forth under **"PENSION BENEFITS PROVIDED BY THE CITY – PROJECTION OF FUNDED STATUS."** Future required contribution increases may require the City to increase its revenues and/or reduce its expenditures, which may impact the services provided by the City. See **"PENSION BENEFITS PROVIDED BY THE CITY"** herein.

OVERLAPPING TAXING DISTRICTS

A number of overlapping taxing districts whose jurisdictional limits overlap with the City have the power to raise taxes, including property taxes. See **"OTHER BUDGET CONSIDERATIONS – PROPERTY TAXES – Overlapping Taxing Districts."** The City does not control the amount or timing of the taxes levied by these overlapping taxing districts. Depending on the amount of such increase(s), an increase in the amount of taxes by these overlapping taxing districts could potentially be harmful to the City's economy and/or may make it more difficult for the City to increase taxes, including property taxes, to pay for its unfunded pensions. The City can give no assurance as to whether, and to what extent, property taxes levied by overlapping taxing districts may increase in coming years.

STRUCTURAL DEFICIT

In recent years, the City has experienced an imbalance of tax revenues relative to operating expenditures resulting in operating budget gaps. Recurring operating budget gaps and increases in the City's debt burden could result in the need for new or enhanced revenue sources, including tax increases, or reduction of essential City services. See **"CORPORATE FUND FORECASTS AND BUDGETS– CORPORATE FUND FORECASTS."**

INCREASED DEBT SERVICE LEVELS

From time to time, the City may issue additional short-term and long-term general obligation debt. Further increases in the City's general obligation debt and annual debt service could crowd out spending for other City services and/or require substantial increases in property taxes or other revenue sources.

REDUCTIONS AND DELAYS IN RECEIPT OF STATE REVENUES

State-collected tax revenue received by the City includes the Residual Sales Tax Revenues (upon transfer to the City from STSC), income tax and PPRT. See **"GENERAL FUND REVENUES."** From time to time, there have been proposals to close the State's budget gap by, among other things, reducing the local government distributive share of the State's income tax. If such a reduction were to become law, the City would lose significant income tax receipts. This proposal, or any other that reduces the State taxes received by the City, would have an immediate and adverse effect on the City's budget.

If the State were to delay any future payment of State taxes for an extended period, the City could be forced to delay payments to vendors, service providers or other recipients of City funds if other legally available funds were not on hand.

DELAYS IN THE COLLECTION OF PROPERTY TAXES

The County's second installment of property tax bills for tax year 2024 was issued on November 14, 2025, which was later than usual. The delay related to completing the full implementation of a new computer system by the County, which implementation remains ongoing. Payment for the second installment of property taxes for tax year 2024 was due on December 15, 2025. Public Act 104-0452 became effective on December 12, 2025 and provides for the extension of the first installment penalty date for tax year 2025 to April 1, 2026. The full impact of the delay in issuing the property tax bills for tax year 2024 and the extension of the first installment penalty date for tax year 2025 on the City is not measurable at this time. However, based on certain preliminary estimates and timing assumptions regarding the collection of the second installment of property taxes for tax year 2024 and the first installment of property taxes for 2025 and the availability of certain other funds, the City anticipates that it will continue to be able to: (a) make timely debt service payments and (b) fund its operations.

As noted in "**PENSION BENEFITS PROVIDED BY THE CITY - DETERMINATION OF CITY'S CONTRIBUTIONS**," to preserve flexibility with respect to near-term cash-management considerations related to delays in the receipt of property taxes, among other cash flow matters, while preserving the benefits of the Pension Funding Policy, the City has elected to split the 2026 advance pension contribution of \$259.6 million into two equal installments. The first installment of \$129.8 million was paid on January 16, 2026, and the second installment of \$129.8 million will be paid later in the year.

The City is unable to predict whether future property tax bills issued by the County for any future tax year will be delayed and what impact, if any, such delay may have on the cash management considerations of the City.

See "**APPENDIX F - INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES – REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Collections**" for further discussion relating to delays in the collection of property taxes.

POTENTIAL FACTORS AFFECTING FEDERAL AND STATE GRANTS

The City's grants fund budget for fiscal year 2026 is 18% of the City's total 2026 Budget. Potential factors affecting federal and state grants received by the City include executive orders and other policy documents issued by the federal government, legislative proposals and lawsuits initiated by the United States. See "**CITY FUND STRUCTURE – FEDERAL AND STATE GRANTS**" for more information regarding such federal and state grants including potential factors affecting them.

UNCERTAIN ENFORCEMENT OF REMEDIES

The Series 2026 Bonds are direct and general obligations of the City and all taxable property in the City is subject to levy to pay the debt service on the Series 2026 Bonds. The

maturity of the Series 2026 Bonds cannot be accelerated in the event that the City fails to pay any installment of interest on, or principal of, the Series 2026 Bonds when due.

The remedies available to holders of the Series 2026 Bonds upon nonpayment of principal of or interest on the Series 2026 Bonds are uncertain and, in many respects, dependent upon discretionary judicial actions.

BANKRUPTCY

Under federal law, municipalities, including the City, are ineligible for bankruptcy unless specifically authorized to be a debtor in bankruptcy 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. State law does not currently permit municipalities, including the City, to be debtors in bankruptcy, and therefore municipalities, including the City, are currently ineligible for bankruptcy.

As with all State law, the current ineligibility of municipalities in Illinois to be debtors in bankruptcy is subject to review or change by State government. From time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois municipalities to be debtors in bankruptcy. The City is unable to predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

In the event of a change in State law to provide that the City is eligible to be a debtor in bankruptcy, and if that authority were to be acted upon, there is no guarantee that the bankruptcy court would consider the holders of the Series 2026 Bonds to have a secured claim under the Bankruptcy Code with respect to remittances of the Bond Property Tax Levies or other moneys in the Bond, Note Redemption and Interest Funds.

CYBERSECURITY

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations, the provision of citizen services and the City's finances through the collection of taxes and fees. Increasingly, governmental entities are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services or financial operations. 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 the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided and the loss of confidence in City operations, ultimately adversely affecting City revenues.

The City's Department of Technology and Information has developed a set of information technology and security policies, in an effort to protect the confidentiality, integrity and availability of the City's information technology data and assets. These policies are applicable to all City information technology systems and networks, those entrusted to third parties, City employees and others, including but not limited to contractors, vendors and consultants.

No assurance can be given that any cyberattacks, if successful, will not have a material adverse effect on critical services provided by the City or the operations or financial condition of the City.

CLIMATE CHANGE

The City is vulnerable to the effects of extreme weather events including, but not limited to, flooding, extreme fluctuations in temperature, and damaging winds. Certain scientific studies have detailed changing global weather patterns and their potential for increasing extreme weather events across the world and have attributed such changing weather patterns and extreme weather events to climate change.

Swings in evaporation and precipitation can cause fluctuations in Lake Michigan's water levels, which may present risks to the Chicago metropolitan area for flooding and damage. The City has established a partnership with the Chicago Park District and the U.S. Army Corps of Engineers to help protect the City's shoreline from erosion and deterioration through capital improvement projects. The City cannot predict the timing, extent, or severity of such fluctuations in Lake Michigan's water levels, the extreme weather events described in the preceding paragraph, or any other effects attributable to climate change, and their impacts on the City's operations and finances.

The City previously published its 2022 Climate Action Plan (the "**2022 CAP**"), a strategic document that outlines updated goals and actions that City departments and other agencies may lead, in coordination with community partners, institutions, civic leaders and residents, to, among other things, mitigate the effects of climate change. The City updated the 2022 CAP through an addendum (the "**2023 Addendum**"). The City has not undertaken an obligation to further update the 2022 CAP and its plans to address climate change, and its allocation of funds to such plans may change from time to time. The 2022 CAP and the 2023 Addendum are available on the City's website.

In February 2024, the City filed a lawsuit against BP, Chevron, Conoco Phillips, Exxon Mobil, Phillips 66, Shell, and the American Petroleum Institute. The lawsuit alleges, among other things, that the defendants' promotion, sale and/or distribution of their fossil fuel products and their derivatives caused or exacerbated climate change and its impacts and have increased the City's costs of adapting to and mitigating the adverse impacts of climate change. The lawsuit seeks damages including but not limited to the costs of enhancing infrastructure and damage to property. The City is unable to predict the outcome of this lawsuit.

FORCE MAJEURE EVENTS

There are certain unanticipated events beyond the City's control that could have a material adverse impact on City's operations and financial conditions, including the generation or collection of taxes and fees, 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 taxes and fees.

LITIGATION

There is no litigation pending in any court or, to the knowledge of the City, threatened, questioning the corporate existence of the City, or which would restrain or enjoin the issuance or delivery of the Series 2026 Bonds, or which concerns the proceedings of the City taken in connection with the Series 2026 Bonds or the City's pledge of its full faith, credit and resources to the payment of the Series 2026 Bonds.

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, discrimination, civil rights actions and other matters. The City believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

PROPERTY TAX RATE OBJECTIONS

Each year, pursuant to the Illinois Property Tax Code, objections to portions of the City property tax levy are usually filed in the Circuit Court by owners of some properties in the City. All objections for tax years 2011 and before have been settled. Objections for tax years 2012 and following remain pending. The City is unable to predict the outcome of the pending objections.

VACCINATION POLICY LITIGATION

Until February 2025, all City employees were required to be fully vaccinated or have received an approved medical or religious exemption. In response to the vaccination policy, some City employees filed charges, grievances or lawsuits against the City challenging the policy. The class grievances challenging the policy have been favorably resolved. The City continues to defend the policy.

BLAHA V. CITY OF CHICAGO

In 2018, certain individuals filed a putative class action in the Circuit Court, alleging that the City overcharges for various vehicle offenses in violation of the Illinois Vehicle Code. The statute contains a \$250 cap on standing, parking or compliance violations that are adjudicated administratively by the City, and elsewhere sets a \$500 cap for the same offenses. The City argued that the \$500 cap applies as the more recently enacted provision. The Circuit Court dismissed the complaint. In May 2022, the Illinois Appellate Court reversed the Circuit Court's judgment, ruled against the City and remanded the case back to the Circuit Court for further proceedings. The City filed a petition for leave to appeal to the Illinois Supreme Court, which was denied. In June 2023,

the Circuit Court certified the case as a class action. The parties filed cross-motions for summary judgment. On February 19, 2026, the Circuit Court granted summary judgment in favor of the plaintiffs, declaring that fines and penalties assessed in excess of \$250 are void and unenforceable, awarding restitution to class members who paid such excess amounts on or after July 17, 2013, and capping recoverable collection fees at \$55. The court reserved judgment on the question of prejudgment interest. The City intends to continue to defend this matter vigorously.

WATTS COORDINATED PRETRIAL PROCEEDINGS

Various individuals have filed 185 lawsuits against the City and former police officer Ronald Watts. Each plaintiff alleges that Watts, along with various other named defendants, framed the plaintiff for drug-related offenses. The plaintiffs' convictions have been overturned. The plaintiffs seek damages from the City for the time that they were in custody or on probation as a result of their convictions. The City has entered into various settlement agreements with respect to these matters which require the City to pay \$101.8 million in total to the plaintiffs.

BROWN V. CITY OF CHICAGO

In September 2024, judgment in this case was entered against police officers indemnified by the City in the amount of \$50 million. The City challenged the verdict through post-judgment motions, resulting in a reduction of the judgment against the City to \$48.6 million and requiring a new trial on punitive damages before the City may appeal the judgment. If the judgment stands, the City would also be responsible for post-judgment interest and plaintiff's attorney's fees.

FULTON V. CITY OF CHICAGO AND MITCHELL V. CITY OF CHICAGO

In March 2024, judgment in these consolidated cases was entered against police officers indemnified by the City in the amount of \$60 million with respect to each plaintiff. The City has challenged the judgments and will continue to defend these matters vigorously. If the judgments stand, the City would also be responsible for post-judgment interest and plaintiffs' attorneys' fees.

TALLEY V. CITY OF CHICAGO, HARRELL V. CITY OF CHICAGO, AND JORDAN V. CITY OF CHICAGO

Each of these cases, pending in the Circuit Court, seeks damages on behalf of an individual who was struck by a vehicle that was allegedly being followed by City police officers. The City will continue to defend these matters vigorously.

DE LA PAZ V. CITY OF CHICAGO

This case, pending in the Circuit Court, seeks damages as a result of alleged premises negligence. The City will continue to defend this matter vigorously.

BILLUPS V. CITY OF CHICAGO

This case sought damages as a result of alleged premises negligence. While this case was dismissed, the plaintiff may refile, and if so, the City will defend this matter vigorously.

PIPEK V. CITY OF CHICAGO AND TYLER V. CITY OF CHICAGO

Each of these cases, pending in the Circuit Court, seeks damages as a result of alleged paramedic malpractice. The City will continue to defend these matters vigorously.

FINANCIAL STATEMENTS

The basic financial statements of the City as of and for the year ended December 31, 2024, and included by specific reference in “**APPENDIX C – CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024**” to this Official Statement (the “**Audit**”), have been audited by Deloitte & Touche LLP, an independent auditor (the “**Auditor**”), as stated in its report referenced therein. The City has not requested that the Auditor update any information contained in the Audit since the date of the Audit. The Auditor has not been engaged to perform, and has not performed since the date of the Audit, any procedures on the financial statements addressed in the Audit.

CO-FINANCIAL ADVISORS

The City has retained PFM Financial Advisors LLC and Phoenix Capital Partners, LLC to act as co-financial advisors (the “**Financial Advisors**”) in connection with the offering of the Series 2026 Bonds. The Financial Advisors have provided advice on the plan of financing and structure of the Series 2026 Bonds and have reviewed certain legal documents, including this Official Statement, 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 Official Statement. Each Financial Advisor is a “municipal advisor” as defined in Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended (the “**Securities Exchange Act**”).

UNDERWRITING

BofA Securities, Inc., as representative on behalf of itself and the other underwriters listed on the cover of this Official Statement (the “**Underwriters**”) has agreed, subject to certain conditions set forth in a Bond Purchase Agreement (the “**Bond Purchase Agreement**”) dated March 10, 2026, between the Underwriters and the City, to purchase (a) the Series 2026A Bonds at a price equal to \$483,801,283.55 (which represents the aggregate principal amount of the Series 2026A Bonds less an underwriters’ discount of \$1,823,716.45); and (b) the Series 2026B Bonds at a price equal to \$26,201,232.96 (which represents the aggregate principal amount of the Series 2026B Bonds less an underwriters’ discount of \$98,767.04).

The obligation of the Underwriters to accept delivery of the Series 2026 Bonds is subject to various conditions set forth in the Bond Purchase Agreement. The Underwriters are obligated to purchase all of the Series 2026 Bonds if any of the Series 2026 Bonds are purchased.

The Series 2026 Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Series 2026 Bonds. The Underwriters may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing the Series 2026 Bonds into investment trusts) and others at prices lower than the initial

public offering price or prices set forth in this Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2026 Bonds to the public.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps).

The City has a line of credit agreement with Bank of America, N.A., an affiliate of BofA Securities, Inc., one of the Underwriters of the Series 2026 Bonds. The principal amount outstanding and a portion of the related accrued interest on such line of credit agreement will be paid with the proceeds of the Series 2026A Bonds.

The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

BofA Securities, Inc., one of the Underwriters of the Series 2026 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2026 Bonds will be addressed by the separate approving opinions of Chapman and Cutler LLP and Sanchez Daniels & Hoffman LLP, Co-Bond Counsel. The proposed forms of their respective opinions are included herein as “**APPENDIX D-1 – PROPOSED FORM OF OPINION OF CO-BOND COUNSEL FOR THE SERIES 2026A BONDS**” and “**APPENDIX D-2 – PROPOSED FORM OF OPINION OF CO-BOND COUNSEL FOR THE SERIES 2026B BONDS**”.

Certain legal matters will be passed upon for the City by (i) its Corporation Counsel, (ii) in connection with the preparation of this Official Statement, Greenberg Traurig, LLP and Townsend & Lockett, LLC, Co-Disclosure Counsel to the City and (iii) in connection with certain pension matters described in this Official Statement, by Chapman and Cutler LLP, as Special Pension Disclosure Counsel to the City. Certain legal matters will be passed on for the Underwriters by McGuireWoods LLP.

TAX MATTERS

FEDERAL TAX TREATMENT

Interest on the Series 2026 Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Series 2026 may result in other federal income tax consequences to certain taxpayers. Holders of the Series 2026 Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes and any collateral tax consequences.

STATE TAX TREATMENT

Interest on the Series 2026 Bonds is not exempt from present State income taxes. Ownership of the Series 2026 Bonds may result in other state and local tax consequences to certain taxpayers. Co-Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

SECONDARY MARKET DISCLOSURE

CONTINUING DISCLOSURE UNDERTAKING

The City will enter into a Continuing Disclosure Undertaking (the “**Undertaking**”) for the benefit of the beneficial owners of each Series of the Series 2026 Bonds to send certain information annually and to provide notice of certain events related to the respective Series of the Series 2026 Bonds to the Municipal Securities Rulemaking Board (the “**MSRB**”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “**Rule**”), as amended, adopted by the Securities and Exchange Commission under the Securities Exchange Act. The MSRB has designated its Electronic Municipal Market Access system, known as “EMMA,” as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Series 2026 Bonds, the Bond Ordinances or the Indentures, and beneficial owners of the Series 2026 Bonds are limited to the remedies described in the Undertaking. See “– **CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION**” below. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB, beginning in 2026. The City is required to deliver such information so that the MSRB receives the information by the dates specified in the Undertaking.

“**Annual Financial Information**” means information generally consistent with that contained in the following tables herein:

- i. TABLE 2. LONG-TERM GENERAL OBLIGATION SELECTED DEBT STATISTICS;
- ii. TABLE 4. OUTSTANDING LONG-TERM GENERAL OBLIGATION BONDS DEBT SERVICE SCHEDULE;
- iii. TABLE 5. GENERAL FUND – RESOURCES, EXPENDITURES AND CHANGES IN FUND BALANCES;
- iv. TABLE 16. ASSESSED, EQUALIZED ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY and TABLE 17. PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES;
- v. TABLE 18. PROPERTY TAX LEVIES and TABLE 19. PROPERTY TAX RATES PER \$100 OF EQUALIZED ASSESSED VALUATION; and
- vi. TABLE 29. MEMBERSHIP; TABLE 30. INVESTMENT RATES OF RETURN; TABLE 33. INFORMATION REGARDING CITY CONTRIBUTIONS – AGGREGATED; TABLE 34. ACTUARIAL VALUE OF ASSETS VS. FAIR VALUE OF NET ASSETS – AGGREGATED; TABLE 35. FINANCIAL CONDITION OF THE MEABF; TABLE 36. FINANCIAL CONDITION OF THE PABF; TABLE 37. FINANCIAL CONDITION OF THE FABF; TABLE 38. FINANCIAL CONDITION OF THE LABF; TABLE 39. FINANCIAL CONDITION OF THE RETIREMENT FUNDS COMBINED; and TABLE 40. SCHEDULE OF FUNDING PROGRESS – COMBINED FOR THE RETIREMENT FUNDS (collectively, the “**Third-Party Sourced Retirement Fund Tables**”). The information contained in the Third-Party Sourced Retirement Fund Tables is sourced from documents published by MEABF, PABF, FABF and LABF, and the City takes no responsibility for the accuracy and completeness of such information. If the information contained in the Third-Party Sourced Retirement Fund Tables is no longer publicly available or is not publicly available in the form, manner or time that the Annual Financial Information is required to be disseminated by the City, the City shall, as part of its Annual Financial Information for the year in which such a lack of availability arises, include a statement to that effect and to the effect that it will promptly file such information as it becomes available.

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

Annual Financial Information exclusive of Audited Financial Statements (commencing with the Audited Financial Statements for the fiscal year ended December 31, 2025) will be provided to the MSRB on EMMA not more than 210 days after the last day of the City's fiscal year, which currently is December 31. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements will be included, and Audited Financial Statements will be filed within 30 days of availability to the City.

REPORTABLE EVENTS DISCLOSURE

The City covenants that it will file or cause to be filed in a timely manner, not in excess of 10 business days after occurrence, to the MSRB the disclosure of the occurrence of a Reportable Event (defined below) with respect to a Series of the Series 2026 Bonds (certain of which may not be applicable to all Series of the Series 2026 Bonds). Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Securities Exchange Act. The “**Reportable Events**,” with respect to the Series 2026 Bonds are:

- (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 respective Series of the Series 2026 Bonds, or other material events affecting the tax status of the respective Series of the Series 2026 Bonds;
- (7) modifications to rights of holders of the respective Series of the Series 2026 Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the respective Series of the Series 2026 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City (considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the City 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 City, or if such jurisdiction has been assumed by leaving the City Council and the City's 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 City);

- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the respective Series 2026 Bonds, if material; or
- (16) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

The term “**financial obligation**” as used in paragraphs (15) and (16) of the Reportable Events above 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 official statement has been provided to the MSRB consistent with the Rule.

CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking with respect to a Series of the Series 2026 Bonds, the Beneficial Owner of such Series of the Series 2026 Bonds may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking shall not be deemed a default under the Series 2026 Bonds, the Bond Ordinances, or the Indentures, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the 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 City or type of business conducted; (ii) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the offering or exchange of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, 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 2026 Bonds, as determined by a party unaffiliated with the City (such as Co-Bond Counsel), or, with respect to the respective Series of the Series 2026 Bonds, by approving vote of the Beneficial Owners of such Series 2026 Bonds pursuant to the terms of the applicable Indenture at the time of the amendment; or (B) the amendment or waiver is otherwise permitted by the Rule.

EMMA

All documents submitted to the MSRB through EMMA pursuant to the Undertaking shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule. 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.

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated with respect to a Series of the Series 2026 Bonds if the City shall no longer have any legal liability for any obligation on or relating to repayment of such Series 2026 Bonds under the applicable Indenture or the Bond Ordinances.

ADDITIONAL INFORMATION

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

The disclosure in this paragraph and under “Category A Corrective Actions,” “Category B Corrective Actions,” and “Category C Corrective Actions” below is being provided by the City for the sole purpose of assisting the Underwriters in complying with the Rule. The City previously entered into continuing disclosure undertakings, as an “obligated person” under the Rule (the “Undertakings”). In the previous five year period beginning on February 26, 2021 and ending on

February 26, 2026 (the “**Compliance Period**”), the City has, on several instances during the Compliance Period, failed to comply with certain provisions of the Undertakings, including: (a) failing to file or timely file certain financial information and/or operating data, including, but not limited to, the instances described under “Category A Corrective Actions” below; (b) failing to provide certain required financial information and/or operating data in its filings, including, but not limited to the instances described under “Category B Corrective Actions” below; and (c) failing to file or timely file certain notices, including, but not limited to the instances described under “Category C Corrective Actions” below. “**Certain Annual Financial Information**” means (a) all or certain portions of the information defined as “Annual Financial Information” and/or (b) the “Audited Financial Statements” as each such term is defined in the applicable continuing disclosure undertaking for the applicable bond issue(s) described below.

Category A Corrective Action

The City failed to file on EMMA on a timely basis Certain Annual Financial Information for the year 2021, with respect to the City’s Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project), Series 2014A and Series 2014B (the “**Pilsen Series 2014AB Bonds**”). However, the Pilsen Series 2014AB Bonds have since matured. The City filed on EMMA the 2021 annual information for the Pilsen Series 2014AB Bonds on July 29, 2022.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s Second Lien Water Revenue Bonds, Project Series 2023A (the “**Series 2023A Bonds**”). In connection with such notice filing, the City also filed on EMMA the City of Chicago, Illinois Water Fund Basic Financial Statements as of and for the Year Ended December 31, 2023, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditor’s Report with respect to the Series 2023A Bonds.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2001 (the “**Series 2001 Bonds**”) and the Wastewater Transmission Revenue Bonds, Refunding Series 1998A (the “**Series 1998A Bonds**”). In connection with such notice filing, the City also filed on EMMA the City of Chicago, Illinois Sewer Fund Basic Financial Statements as of and for the Year Ended December 31, 2023, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditor’s Report with respect to the Series 2001 Bonds and Series 1998A Bonds.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s General Obligation Bonds, Taxable Project Series 2017B (the “**Series 2017B Bonds**”) and failed to link the CUSIP for the January 1, 2029 maturity of the Series 2017B Bonds (the “**2029 Maturity**”) to such notice. In connection with such notice filing, the City also filed on EMMA the City’s Annual Comprehensive Financial Report for the Year Ended December 31, 2023 with respect to the Series 2017B Bonds except for the 2029 Maturity.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the 2029 Maturity. In

connection with such notice filing, the City also filed on EMMA the City's Annual Comprehensive Financial Report for the Year Ended December 31, 2023 with respect to the 2029 Maturity.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024A. In connection with such notice filing, the City also filed on EMMA the City's Annual Comprehensive Financial Report for the Year Ended December 31, 2023.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City's General Obligation Bonds, Series 2019A and General Obligation Bonds, Series 2021B. In connection with such notice filing, the City also filed on EMMA the City's Continuing Disclosure Annual Financial Information For Year Ended December 31, 2023.

On November 22, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Financial Information in connection with the City's Motor Fuel Tax Refunding Bonds Series 2013 (Issue of June 2014). Such Certain Financial Information had been filed on EMMA on August 3, 2021.

Category B Corrective Actions

On November 12, 2021, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information including certain capital improvements tables for the year 2020 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds. In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2020 and 2021 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds.

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the Series 2014AB Bonds and the City's General Obligation Bonds, Series 2021A and Series 2021B (the "**Series 2021 Bonds**"). In connection with such notice filing, the City filed Tables 1-10 on EMMA in connection with the Series 2014AB Bonds and the Series 2021 Bonds.

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A and Refunding Series 2017B. In connection with such notice filing, the City also filed on EMMA a table titled "Historical Capital Improvement Program Funding by Source," including data from 2017 to 2021.

On July 31, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with its Chicago O'Hare International Airport Customer Facility Charge Senior Lien Bonds, Series 2013 and its Chicago O'Hare International Airport Customer Facility Charge Senior Lien Refunding Bonds, Series 2023. In connection with such notice filing, the City also filed on EMMA a table presenting bond debt service and TIFIA loan debt service on a historic only basis from Fiscal Year 2010 to 2023.

Category C Corrective Actions

On July 8, 2021, S&P upgraded the rating of the City's Motor Fuel Tax Revenue Refunding Bonds, Series 2013 (Issue of June 2014), including the Riverwalk Transportation Infrastructure Finance and Innovation Act draw-down loan, from "BB+" to "BBB." On July 27, 2021, the City filed on EMMA an event notice relating to this rating upgrade.

On December 8, 2021, the City filed a notice of incurrence of a financial obligation (i.e., loans incurred by the City pursuant to each of the then-existing Line of Credit Agreements) pertaining to the City's General Obligation Bonds, Series 2019A and General Obligation Refunding Bonds, Series 2020A. On December 8, 2021 and January 25, 2022, the City also filed the applicable redacted Line of Credit Agreements with EMMA.

On April 11, 2023, S&P upgraded the rating on the City's Second Lien Wastewater Transmission Revenue Bonds to "A+" from "A" and the outlook was stable. On July 29, 2024, the City filed on EMMA an event notice relating to this rating upgrade for the City's Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2001 (the "**Series 2001 Bonds**") since the Series 2001 Bonds were not previously linked to the original filing related to this rating upgrade.

On October 30, 2023, Fitch Ratings upgraded the rating on the City's Second Lien Water Revenue Bonds to "A+" from "A" and the outlook was stable. Fitch also assessed the Standalone Credit Profile (SCP) of the City's water system at 'a+.' On July 29, 2024, the City filed on EMMA an event notice relating to this rating upgrade and assessment of the SCP for the City's Second Lien Water Revenue Bonds Project and Refunding Series 2010A (collectively, the "**Series 2010 Bonds**") and the City's Second Lien Water Revenue Bonds, Project Series 2023A (the "**Series 2023A Bonds**") since the Series 2010 Bonds and the Series 2023A Bonds were not previously linked to the original filing related to this rating upgrade and assessment of the SCP.

On April 30, 2024, Moody's Ratings upgraded the insurance financial strength (IFS) rating of Assured Guaranty Corp. (AGC) from A1 to A2. On November 22, 2024, the City filed on EMMA an event notice related to this rating upgrade for the City's General Airport Third Lien Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment) with CUSIP number 167593AP7).

On October 3, 2024, Moody's Ratings downgraded the insurance financial strength (IFS) of National Public Finance Guarantee Corporation (National) from Baa2 to Baa3. On March 13, 2025, the City filed on EMMA an event notice related to this rating downgrade.

FORWARD-LOOKING STATEMENTS

This Official Statement contains certain statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "intend," "expect," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks 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, holders of the Series 2026 Bonds and potential investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The City 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.

CONSIDERATIONS RELATED TO THIS OFFICIAL STATEMENT

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2026 Bonds, the security for the payment or purchase of the Series 2026 Bonds and the rights and obligations of the registered owners thereof.

Except as specifically provided herein, references to website addresses presented herein, including the City's website or any other website containing information about the City, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of the Rule promulgated pursuant to the Securities Exchange Act.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Series 2026 Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution of this Official Statement, and its distribution and use by the Underwriters in connection with the initial public offering, sale and distribution of the Series 2026 Bonds by the Underwriters, has been duly authorized and approved by the City.

CITY OF CHICAGO

By: /s/ Michael D. Belsky
Michael D. Belsky, City Comptroller

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APPENDIX A

CERTAIN DEFINITIONS FROM THE INDENTURES

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APPENDIX A

CERTAIN DEFINITIONS FROM THE INDENTURES

The following are definitions of certain terms used in the Indentures and this Official Statement. This glossary is provided for the convenience of the reader and does not purport to be comprehensive or definitive. All references herein to terms defined in the Indentures are qualified in their entirety by the definitions set forth in each of the Indentures.

“Authorized Officer” means (a) the Mayor, the Chief Financial Officer, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor or Chief Financial Officer and filed with the Trustee for so long as such designation shall be in effect, and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

“Beneficial Owner” means the owner of a beneficial interest in the Series 2026 Bonds registered in the name of Cede & Co., as nominee of DTC (or a successor securities depository or nominee for either of them).

“Bond Counsel” means one or more firms of nationally recognized bond counsel designated by the Corporation Counsel of the City.

“Bond Fund” means the trust fund established with the Trustee under an Indenture for the Series of the Series 2026 Bonds issued hereunder, as described under **“FUNDS AND ACCOUNTS; INVESTMENTS – Bond Funds and Accounts Thereof”** in **APPENDIX B**.

“Bond Register” means the registration books of the City kept by the Trustee pursuant to each Indenture to evidence the registration and transfer of the respective Series of the Series 2026 Bonds issued thereunder.

“Bondholder,” “holder,” or “owner of the Series 2026 Bonds,” means the Registered Owner or Beneficial Owner of any of the applicable Series of the Series 2026 Bonds, as the case may be.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in the city where the Designated Corporate Trust Office is located are authorized or required by law to close, and (iii) a day on which the New York Stock Exchange, Inc. is closed.

“Capitalized Interest Account” means the account of that name established within the respective Bond Fund held under each Indenture.

“Certificate” means an instrument of the City in writing signed by an Authorized Officer. Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, respectively, unless the officer signing such instrument knows that the opinion or representation with respect to the matters

upon which such instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, accountant, engineer or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of the respective Indenture or any Supplemental Indenture, but different officers, counsel, accountants, engineers or other persons may certify to different facts, respectively.

“Chief Financial Officer” means the Chief Financial Officer appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

“City Clerk” means the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to the Bond Ordinances.

“City Comptroller” means the City Comptroller of the City.

“Code” means the United States Internal Revenue Code of 1986. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

“Date of Issuance” means March 25, 2026, the date of issuance and delivery of the Series 2026 Bonds to the initial purchasers thereof.

“Defeasance Obligations” means (A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) debt obligations of the following: Federal Home Loan Mortgage Corporation (FHLMC), Farm Credit System, Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), and Resolution Funding Corporation (REFCORP); (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state, excluding the City, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C).

“Delivery Office” shall mean the following offices of the Trustee, for notice purposes and presentation of Series 2026 Bonds for payment or transfers:

For Purposes of Notice:

Zions Bancorporation, National Association
141 West Jackson, Suite 3720, Chicago, Illinois 60604
Attention: Corporate Trust

For Purposes of Presentation of Bonds for Payment or Transfers:

Zions Bancorporation, National Association
One South Main, Suite 1100, Salt Lake City, Utah 84133
Attention: Corporate Trust

“Deposit Date” means the Business Day immediately preceding each Interest Payment Date.

“Designated Corporate Trust Office” means the corporate trust office of the Trustee located at the address of the Trustee set forth in the definition of **“Delivery Office”** above, as such address may be changed from time to time by the Trustee.

“DTC” means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository performing similar functions.

“Federal Obligation” means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

“Interest Payment Date” means each January 1 and July 1. The initial Interest Payment Date shall be July 1, 2026.

“Maturity Date” means the applicable maturity date set forth on the inside front cover of this Official Statement for a Series of the Series 2026 Bonds.

“Mayor” means the Mayor of the City.

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

“Ongoing Financing Services” means any periodic fees and expenses payable to parties involved in the provision of ongoing services relating to a Series of the Series 2026 Bonds, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of such Series of the Series 2026 Bonds.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel in form and substance acceptable to the City.

“Outstanding” means, when used with reference to any Series 2026 Bonds, all of such obligations issued under the respective Indenture for such Series of the Series 2026 Bonds that are unpaid, provided that such term does not include:

(a) Series 2026 Bonds canceled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(b) matured or redeemed Series 2026 Bonds which have not been presented for payment in accordance with the provisions of the applicable Indenture and for the payment of which the City has deposited funds with the Trustee;

(c) Series 2026 Bonds for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Defeasance Obligations the maturing principal of and interest on which will, together with any cash on hand in the trust or escrow account, be sufficient to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Series 2026 Bonds;

(d) Series 2026 Bonds of a Series in lieu of or in exchange or substitution for which other Series 2026 Bonds of such Series shall have been authenticated and delivered pursuant to the Indenture; and

(e) Series 2026 Bonds owned by the City and tendered to the Trustee for cancellation.

“Participant,” when used with respect to any Securities Depository, means any participant of such Securities Depository.

“Paying Agent” means the Trustee and any Paying Agent designated by the Trustee, and any successor thereto.

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

(a) interest-bearing general obligations of the United States of America, the State or the City;

(b) 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 City a return on such investment in lieu of interest;

(c) short-term discount obligations of the United States Government or United States Government agencies;

(d) certificates of deposit of national banks or banks located within the City which are either (i) fully collateralized at least 110 percent by marketable United States Government securities marked to market at least monthly or (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;

(e) 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;

(f) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City’s tax-exempt debt obligations;

(g) shares of money market mutual funds registered under the Investment Company Act of 1940, which shares are registered under the Securities Act of 1933, 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; and

(h) any other suitable investment instrument permitted by State laws and the Municipal Code governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds.

“Pledged Taxes” has the meaning assigned to such term in the Bond Ordinances.

“Principal and Interest Account” means the respective Principal and Interest Account established within the respective Bond Fund under the respective Indenture, and described under **“FUNDS AND ACCOUNTS; INVESTMENTS – *Bond Funds and Accounts Thereof*”** in **APPENDIX B**.

“Principal and Interest Account Requirement” means, for a Series of the Series 2026 Bonds, an amount equal to the total principal installment and interest due on such Series of the Series 2026 Bonds as of each Interest Payment Date (including any mandatory redemption of such Series of such Series 2026 Bonds), which amount shall be deposited in the Principal and Interest Account under the applicable Indenture not later than the Deposit Date for such Interest Payment Date.

“Qualified Collateral” means:

- (a) Federal Obligations;
- (b) direct and general obligations of any state of the United States of America or any political subdivision of the State which are rated not less than “AA” or “Aa2” or their equivalents by any nationally recognized securities rating agency; and
- (c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under any annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

“Record Date” means each June 15 and December 15 (whether or not a Business Day).

“Redemption Price” means the principal amount of the Series of the Series 2026 Bonds to be redeemed plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Series of the Series 2026 Bonds.

“Registered Owner” or **“Owner”** means the person or persons in whose name or names a Series 2026 Bond shall be registered in the Bond Register.

“Securities Depository” means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Series 2026 Bonds.

“State” means the State of Illinois.

“Supplemental Indenture” means any indenture modifying, altering, amending, supplementing or confirming any Indenture duly entered into in accordance with the terms thereof.

“Trustee” means Zions Bancorporation, National Association, a national banking association with trust powers, and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor trustee at the time serving as successor trustee hereunder.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

The following is a summary of certain provisions of the Indentures, to which reference is made for a complete statement of the provisions and contents thereof. Unless otherwise noted, the provisions as summarized are applicable to the two separate Indentures. Copies of each of the Indentures are available for review prior to the sale and delivery of the Series 2026 Bonds at the office of the City's Comptroller and thereafter at the office of the Trustee.

INDENTURES TO CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of the Series 2026 Bonds by the holders of the Series 2026 Bonds, the provisions of the applicable Indenture and any Supplemental Indenture related thereto shall be a part of the contract of the City with the Owners of the respective Series of the Series 2026 Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the Owners from time to time of such Series 2026 Bonds. The City covenants and agrees with the Owners of the Series 2026 Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in the applicable Indenture, in the Bond Ordinances and in such Series 2026 Bonds.

SOURCE OF PAYMENT OF SERIES 2026 BONDS

Pursuant to the Bond Ordinances, the Series 2026 Bonds constitute direct and general obligations of the City for the punctual payment of which the City pledges its full faith and credit and the Pledged Taxes. The City covenants that, for each Series of the Series 2026 Bonds, unless and until all of such Series 2026 Bonds have first been fully paid or fully defeased in accordance with the applicable Indenture, the Pledged Taxes shall only be used for the payment of (i) principal of, interest on and Redemption Price, if any, on the respective Series 2026 Bonds (or for the purchase by the City of the respective Series 2026 Bonds which are then cancelled), and (ii) Ongoing Financing Services; provided, however, that the levy of Pledged Taxes is subject to abatement as provided in the Bond Ordinances. See **"SECURITY FOR THE SERIES 2026 BONDS."**

FUNDS AND ACCOUNTS; INVESTMENTS

Bond Funds and Accounts Thereof

Pursuant to each Indenture, the City has established with the Trustee a Bond Fund, with respect to the Series of the Series 2026 Bonds issued thereunder.

At each such time as required under each Indenture, the City shall deposit into the Principal and Interest Account of the respective Bond Fund, from funds of the City legally available therefor, an amount sufficient to satisfy the applicable Principal and Interest Account Requirement. Money on deposit in the Principal and Interest Account of the applicable Bond Fund shall be applied by

the Trustee to pay the principal of (whether due at maturity or by mandatory redemption) and interest on the respective Series 2026 Bonds as the same become due.

Pending the use of moneys held in the applicable Bond Fund, the Trustee shall invest such moneys in Permitted Investments upon the direction of the Chief Financial Officer or any person designated by the Chief Financial Officer. Income from such investments shall be credited to the account within the Bond Fund from which investment was made.

Each Indenture establishes within the respective Bond Fund the Principal and Interest Account. Amounts on deposit in the applicable Principal and Interest Account shall be used to pay principal and interest on the applicable Series of the Series 2026 Bonds as the same shall become due after funds in the applicable Capitalized Interest Account have been depleted.

Each Indenture established within the respective Bond Fund the Capitalized Interest Account. Moneys on deposit in the Capitalized Interest Account, and the interest earnings thereon, will be applied to pay interest on the respective Series of the Series 2026 Bonds on each Interest Payment Date occurring on and before January 1, 2028. Any amount remaining on deposit in the Capitalized Interest Account on January 1, 2028 will be used to pay interest on the respective Series of the Series 2026 Bonds, as the City shall direct, before funds from the applicable Principal and Interest Account are used.

Deposits into Bond Funds

Not later than each Deposit Date, there shall be on deposit in the Bond Fund held under each Indenture an amount equal to the respective Principal and Interest Account Requirement to which such Deposit Date relates.

In addition to the Principal and Interest Account Requirement, there shall be deposited into the respective Bond Fund any other moneys received by the Trustee under and pursuant to each Indenture, when accompanied by directions from an Authorized Officer that such moneys are to be paid into such Bond Fund and to one or more accounts therein.

Investment of Moneys in Funds

Moneys held in the funds, accounts and subaccounts established in each Indenture shall be invested and reinvested in accordance with the provisions governing investments contained in such Indenture. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or subaccount for which they were made. The interest earned on any investment of moneys held under an Indenture, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or subaccount under such Indenture for which such investment was made.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Bondholder Consent

Each Indenture provides that a Supplemental Indenture may be authorized at any time by an ordinance adopted by the City Council and, upon the filing with the Trustee of a copy of such

ordinance certified by the City Clerk, compliance with the provisions of the applicable Indenture and execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective, in accordance with its terms and not subject to consent by the Registered Owners of the applicable Series 2026 Bonds for the following purposes: (a) to add to the covenants and agreements of the City in the Indentures other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indentures as theretofore in effect; (b) to add to the limitations and restrictions in the Indentures other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indentures as theretofore in effect; (c) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Indentures, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Indentures; (d) to confirm, as further assurance, the pledge under the Indentures, and the subjection of, additional properties, taxes or other collateral to any lien, claim or pledge created or to be created by the Indenture; (e) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture; (f) to insert such provisions clarifying matters or questions arising under the Indentures as are necessary or desirable and are not contrary to or inconsistent with the Indentures as theretofore in effect; or (g) to provide additional duties of the Trustee under the Indentures.

Supplemental Indentures Requiring Bondholder Consent

In connection with each of the Indentures, at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the Owners of the applicable Series of the Series 2026 Bonds in accordance with and subject to the provisions of such Indenture, which Supplemental Indenture, upon filing with the Trustee of a copy of such ordinance certified by the City Clerk, compliance with the provisions of such Indenture and execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

Any modification or amendment of an Indenture or of the rights and obligations of the City and of the Owners of such Series 2026 Bonds, in particular, which requires the consent of the applicable Series 2026 Bondholders, may be made by a Supplemental Indenture, with the written consent given as provided in the applicable Indenture: (a) of the Owners of a majority in aggregate principal amount of the applicable Series 2026 Bonds Outstanding at the time such consent is given; or (b) in case less than all of the then Outstanding Series 2026 Bonds are affected by the modification or amendment, of the Owners of a majority in aggregate principal amount of the then, applicable, Outstanding Series 2026 Bonds so affected. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any applicable Outstanding Series 2026 Bonds 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, or in terms of purchase or the purchase price thereof, without the consent of the applicable owner of such Series 2026 Bonds, or shall reduce the percentages or otherwise affect the classes of applicable Series 2026 Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. An applicable Series 2026 Bond shall be deemed to be affected by a modification or amendment of the applicable Indenture if the same adversely affects or diminishes the rights of the owners of such Series 2026 Bond.

General Provisions

The Indentures shall not be modified or amended in any respect except as provided therein. Nothing in each of the Indentures shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any ordinance, resolution, act or other instrument pursuant to the provisions of the Indentures or the right or obligation of the City to execute and deliver to the Trustee any instrument which is required to be delivered to the Trustee pursuant to the respective Indenture.

Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully authorized by the City Council and executed by the City in accordance with the provisions of the applicable Indenture, is authorized or permitted by such Indenture and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

The Indentures authorize the Trustee to enter into, execute and deliver a Supplemental Indenture and to make all further agreements and stipulations which may be therein contained, and the Trustee in taking such action shall be fully protected in relying on an opinion of counsel that such Supplemental Indenture is authorized or permitted by the provisions of the respective Indenture.

No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

DEFAULT AND REMEDIES

Defaults

Each of the following events is an “**Event of Default**” under each Indenture:

(a) payment of the principal or Redemption Price, if any, of any of the respective Series 2026 Bonds shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any of the respective Series 2026 Bonds shall not be made when and as the same shall become due; or

(c) the City shall fail or refuse to comply with the provisions of the applicable Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the applicable Indenture or in the respective Series 2026 Bonds, which materially affects the rights of the Owners of the respective Series 2026 Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the Owners of the respective Series 2026 Bonds of not less than 25 percent in aggregate principal amount of the respective Series 2026 Bonds Outstanding; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all diligence.

Remedies

In connection with each Indenture, upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default (beyond the time periods specified therein) specified in paragraph (c) above, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in aggregate principal amount of the respective Series of the Series 2026 Bonds Outstanding, shall proceed, in its own name, to protect and enforce its rights and the rights of the respective Owners of the Series 2026 Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the applicable Owners of the Series 2026 Bonds including the right to require the City to receive and collect taxes adequate to carry out the covenants and agreements as to such taxes and to require the City to carry out any other covenant or agreement with the applicable Owners of the Series 2026 Bonds and to perform its duties under the applicable Indenture;

(ii) by bringing suit upon the Series 2026 Bonds;

(iii) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the applicable Owners of the Series 2026 Bonds; and/or

(iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the applicable Owners of the Series 2026 Bonds.

In the enforcement of any rights and remedies under each of the Indentures, 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 City, but only out of moneys pledged as security for the applicable Series 2026 Bonds for principal, Redemption Price, interest or otherwise, under any provision of the applicable Indenture or of the applicable Series 2026 Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the applicable Series 2026 Bonds, together with any and all costs and expenses of collection and of all proceedings under the applicable Indenture and under such Series 2026 Bonds without prejudice to any other right or remedy of the Trustee or of the Owners of the Series 2026 Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the applicable Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Under no circumstance may the Trustee declare the principal of any applicable Series 2026 Bonds to be due and payable prior to the Maturity Date following the occurrence of an Event of Default under any of the Indentures.

RESIGNATION OR REMOVAL OF THE TRUSTEE; SUCCESSORS

Under each of the Indentures, the Trustee may at any time resign and be discharged of its duties and obligations created by each Indenture by giving not fewer than 60 days' written notice to the City and mailing notice thereof to the Owners of the applicable Series 2026 Bonds at their

addresses shown on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment and acceptance of appointment of a successor by the City or the Owners of the applicable Series 2026 Bonds as provided in the applicable Indenture.

The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the applicable Series 2026 Bonds then Outstanding, excluding any applicable Series 2026 Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or by their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor. The City may remove the Trustee at any time, except during the existence of an Event of Default, for such cause (or upon 30 days' notice for any reason) as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to the applicable Owners of the Series 2026 Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment and acceptance of appointment of a successor Trustee.

Under each Indenture if at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a majority in aggregate principal amount of the applicable Series 2026 Bonds then Outstanding, excluding any applicable Series 2026 Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the applicable Owners of the Series 2026 Bonds as authorized in the applicable Indenture. The City shall mail notice to the applicable Owners of Series 2026 Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the applicable Owners of the Series 2026 Bonds. If in a proper case no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the City written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, or any applicable Owner of the Series 2026 Bonds, may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed shall be a bank, trust company or national banking association, in any such case having corporate trust powers, doing business and having a corporate trust office in the City.

Any successor Trustee appointed under an Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the

successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far, as may be authorized by law, be executed, acknowledged and delivered by the City.

DEFEASANCE

Each of the Indentures provides that if the City will pay to the Registered Owners of the applicable Series 2026 Bonds or provide for the payment of, the principal, premium, if any, and interest to become due on the applicable Series 2026 Bonds, then the applicable Indenture and the Bond Ordinances will be fully discharged and satisfied with respect to such applicable Series 2026 Bonds. Upon the satisfaction and discharge of the applicable Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and all fiduciaries will pay over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to the applicable Indenture which are not required for the payment or redemption of the applicable Series 2026 Bonds. Under each Indenture if payment or provision for payment is made to or for the Registered Owners of all or a portion of the applicable Series 2026 Bonds, of the principal of and interest due and to become due on any applicable Series 2026 Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee, all sums of money due and to become due according to the provisions of the applicable Indenture, then the estate and rights granted under the applicable Indenture and the Bond Ordinances shall cease, terminate and be void as to those applicable Series 2026 Bonds or portions thereof except for purposes of registration, transfer and exchange of the applicable Series 2026 Bonds and any such payment from such moneys or obligations. Any Series 2026 Bonds under the applicable Indenture will be deemed to be paid when payment of the principal of such Series 2026 Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the applicable Indenture or otherwise), either (x) shall have been made or caused to have been made in accordance with the terms thereof, or (y) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment, (2) Defeasance Obligations or (3) a combination of moneys and Defeasance Obligations, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants). If the City shall pay and discharge a portion of the applicable Series 2026 Bonds as aforesaid, such portion shall cease to be entitled to any lien, benefit or security under the applicable Indenture and the Bond Ordinances. The liability of the City with respect to such applicable Series 2026 Bonds will continue, but the Registered Owners thereof shall thereafter be entitled to payment (to the exclusion of all other applicable Series 2026 Bondholders) only out of the cash and Defeasance Obligations deposited with the Trustee under the applicable Indenture.

A defeasance deposit of Defeasance Obligations may be subject to a subsequent sale of such Defeasance Obligations and reinvestment of all or a portion of the proceeds of that sale in Defeasance Obligations which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the applicable defeased Series 2026 Bonds (all as confirmed by a nationally recognized firm of independent public accountants). Amounts held by the Trustee in excess of the amounts needed so to provide for payment of the applicable defeased Series 2026 Bonds may be subject to withdrawal by the City.

APPENDIX C

CITY OF CHICAGO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

This **APPENDIX C** includes by specific reference the City’s basic financial statements as of and for the year ended December 31, 2024, and independent auditor’s report (the “**2024 Audited Financial Statements**”), which has been filed as part of the City’s Annual Comprehensive Financial Report for the year ended December 31, 2024 (the “**2024 City ACFR**”) and can be obtained from the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (“**EMMA**”) system. The 2024 Audited Financial Statements have not been updated since the date of the 2024 Audited Financial Statements. The specific URL for the filing of the 2024 City ACFR is as referenced below and no other items filed on the EMMA website are included by reference as part of this Official Statement.

<https://emma.msrb.org/P21944959-P21485483-P21936718.pdf>

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APPENDIX D-1

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[SERIES 2026A]

[TO BE DATED CLOSING DATE]

City of Chicago
Cook and DuPage Counties, Illinois

We hereby certify that we have examined a certified copy of the record of the proceedings (the “*Proceedings*”) of the City Council of the City of Chicago, Cook and DuPage Counties, Illinois (the “*City*”), passed preliminary to the issue by the City of its fully registered General Obligation Bonds, Taxable Series 2026A, in the aggregate principal amount of \$485,625,000 (the “*Series 2026A Bonds*”), dated the date hereof, due on January 1 of the years and in the amounts and bearing interest as follows:

<u>YEAR</u> <u>(JANUARY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2031	\$355,145,000	5.879%
2032	63,325,000	6.226%
2033	67,155,000	6.326%

The Series 2026A Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on the 19th day of December, 2025 (the “*Bond Ordinance*”), as supplemented by a Notification of Sale dated March 10, 2026 (the “*Notification of Sale*”), and a Trust Indenture dated as of March 1, 2026 (the “*Series 2026A Indenture*”) between the City and Zions Bancorporation, National Association, as trustee (the “*Trustee*”). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Series 2026A Indenture.

The Series 2026A Bonds maturing on January 1, 2031 are subject to mandatory redemption at the redemption price of the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest on January 1 of the years and in the amounts as follows:

<u>YEAR</u> <u>(JANUARY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
2029	\$111,725,000
2030	118,255,000
2031 (maturity)	125,165,000

The Series 2026A Bonds are subject to make-whole optional redemption as described in the Series 2026A Indenture.

In our capacity as bond counsel, we have examined, among other things, the following:

(a) certified copies of the proceedings of the City Council adopting the Bond Ordinance and authorizing, among other things, the execution and delivery of the Series 2026A Indenture and the issuance of the Series 2026A Bonds;

(b) certified copy of the Bond Ordinance and an executed copy of the Notification of Sale;

(c) an executed counterpart of the Series 2026A Indenture; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The City has full power and authority and has taken all necessary corporate action to authorize the issuance of the Series 2026A Bonds and the execution and delivery of the Series 2026A Indenture.

2. The Series 2026A Indenture has been duly and lawfully executed and delivered by the City and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Series 2026A Indenture is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Series 2026A Indenture creates the valid pledge which it purports to create of the Trust Estate held or set aside or pledged under the Series 2026A Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Series 2026A Indenture.

4. The Series 2026A Bonds have been duly and validly authorized and issued in accordance with law and the Series 2026A Bonds, to the amount named, are valid and legally binding upon the City, enforceable in accordance with their terms and the terms of the Series 2026A Indenture, except that the rights of the owners of the Series 2026A Bonds and the

enforceability of the Series 2026A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2026A Bonds are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Series 2026A Bonds are further secured by the other moneys, securities and funds pledged under the Series 2026A Indenture.

6. The form of Series 2026A Bond prescribed for said issue is in due form of law.

7. Under present law, interest on the Series 2026A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Series 2026A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2026A Bonds.

8. Interest on the Series 2026A Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2026A Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2026A Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2026A Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX D-2

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[SERIES 2026B]

[TO BE DATED CLOSING DATE]

City of Chicago
Cook and DuPage Counties, Illinois

We hereby certify that we have examined a certified copy of the record of the proceedings (the “*Proceedings*”) of the City Council of the City of Chicago, Cook and DuPage Counties, Illinois (the “*City*”), passed preliminary to the issue by the City of its fully registered General Obligation Bonds, Taxable Series 2026B, in the aggregate principal amount of \$26,300,000 (the “*Series 2026B Bonds*”), dated the date hereof, due on January 1 of the year and in the amount and bearing interest as follows:

<u>YEAR</u> <u>(JANUARY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2032	\$26,300,000	6.226%

The Series 2026B Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on the 27th day of October, 2021 (the “*Bond Ordinance*”), as supplemented by a Notification of Sale dated March 10, 2026 (the “*Notification of Sale*”), and a Trust Indenture dated as of March 1, 2026 (the “*Series 2026B Indenture*”) between the City and Zions Bancorporation, National Association, as trustee (the “*Trustee*”). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Series 2026B Indenture.

The Series 2026B Bonds are subject to make-whole optional redemption as described in the Series 2026B Indenture.

In our capacity as bond counsel, we have examined, among other things, the following:

- (a) certified copies of the proceedings of the City Council adopting the Bond Ordinance and authorizing, among other things, the execution and delivery of the Series 2026B Indenture and the issuance of the Series 2026B Bonds;
- (b) certified copy of the Bond Ordinance and an executed copy of the Notification of Sale;
- (c) an executed counterpart of the Series 2026B Indenture; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The City has full power and authority and has taken all necessary corporate action to authorize the issuance of the Series 2026B Bonds and the execution and delivery of the Series 2026B Indenture.

2. The Series 2026B Indenture has been duly and lawfully executed and delivered by the City and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Series 2026B Indenture is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Series 2026B Indenture creates the valid pledge which it purports to create of the Trust Estate held or set aside or pledged under the Series 2026B Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Series 2026B Indenture.

4. The Series 2026B Bonds have been duly and validly authorized and issued in accordance with law and the Series 2026B Bonds, to the amount named, are valid and legally binding upon the City, enforceable in accordance with their terms and the terms of the Series 2026B Indenture, except that the rights of the owners of the Series 2026B Bonds and the enforceability of the Series 2026B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2026B Bonds are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Series 2026B Bonds are further secured by the other moneys, securities and funds pledged under the Series 2026B Indenture.

6. The form of Series 2026B Bond prescribed for said issue is in due form of law.

7. Under present law, interest on the Series 2026B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Series 2026B Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2026B Bonds.

8. Interest on the Series 2026B Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2026B Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2026B Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2026B Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX E

INFORMATION REGARDING CITY OF CHICAGO ECONOMY AND DEMOGRAPHICS

Information regarding the City's economy and demographics was included in the City's Continuing Disclosure Annual Filing, dated July 28, 2025 (the "**2024 Continuing Disclosure Filing**"), which has been filed and can be obtained from the Municipal Securities Rulemaking Board ("**MSRB**") through its Electronic Municipal Market Access ("**EMMA**") system. The specific URL for this filing is as referenced below and no other items filed on the EMMA website are included by reference as part of this Official Statement.

<https://emma.msrb.org/P21944958-P21485482-P21936717.pdf>

Certain tables and information from the 2024 Continuing Disclosure Filing are included in this **APPENDIX E** as such tables and information can be periodically updated throughout the year following the filing of the 2024 Continuing Disclosure Filing. *Sources of information are set forth in footnotes. With respect to non-City sources, the City considers these sources to be reliable but has made no independent verification of the information provided and does not warrant its accuracy.*

ECONOMY

The Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (the "**Chicago MSA**")¹ has a population of approximately 9.4 million people, with over 5.0 million employees.^{2/3} The City's workforce is spread across a diverse array of industries. According to the U.S. Bureau of Economic Analysis, the Chicago MSA had a gross domestic product in 2023 of \$895 billion⁴.

The Chicago MSA's largest industry sectors by employment include trade, transportation and utilities, professional and business services, education and health services, government, leisure and hospitality, and manufacturing; additional details are available in Table 1. The regional economy is extremely diverse with no employment sector representing greater than 20% of the total.

¹ The Chicago MSA comprises the following counties:

- Illinois: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will
- Indiana: Jasper, Lake, Newton and Porter
- Wisconsin: Kenosha

² U.S. Census Bureau, "Metropolitan and Micropolitan Statistical Areas Population Totals and Components of Change: 2020-2024, <https://www.census.gov/data/datasets/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html>

³ U.S. Bureau of Labor Statistics, "Civilian labor force and unemployment by state and metropolitan area," <https://www.bls.gov/news.release/metro.t01.htm>

⁴ U.S. Bureau of Economic Analysis, "[CAGDP1 County and MSA gross domestic product \(GDP\) summary](#)"

The percentage of total (non-farm) employment by major industry sector for the Chicago MSA are shown in Table 1. Note that totals may not sum due to rounding.

TABLE 1. CHICAGO AREA EMPLOYMENT BY SECTOR (DECEMBER, 2025)⁵

Sector (Number in Thousands)	Employees	Change from Dec. 2024 – Dec. 2025	
		Number	Percent
TOTAL NONFARM	4,787.8	28.5	0.6
Trade, Transportation and Utilities	963.5	(10.0)	(1.0)
Professional and Business Services	812.8	(0.1)	(0.0)
Education and Health Services	806.0	23.3	3.0
Government	570.4	17.8	3.2
Leisure and Hospitality	464.3	(0.7)	(0.2)
Manufacturing	400.5	(8.1)	(2.0)
Financial Activities	317.8	2.0	0.6
Other Services	195.4	(0.3)	(0.2)
Construction	175.4	1.8	1.0
Information	80.1	2.9	3.8
Mining and Logging	1.6	(0.1)	(5.9)

EMPLOYMENT

Total employment for the State of Illinois, the Chicago MSA, Cook County and the City for the years 2015 through 2024 is set forth in Table 2.

TABLE 2. TOTAL EMPLOYMENT 2015-2024 (IN THOUSANDS)

Year	State of Illinois ⁶	Chicago MSA ⁷	Cook County ⁸	Chicago ⁹
2015	6,120	4,597	2,481	1,271
2016	6,173	4,649	2,500	1,282
2017	6,238	4,731	2,551	1,312
2018	6,271	4,752	2,550	1,314
2019	6,283	4,766	2,558	1,321
2020	5,735	4,338	2,317	1,203
2021	5,942	4,514	2,417	1,260
2022	6,127	4,695	2,529	1,320
2023	6,151	4,711	2,535	1,217
2024	6,294	4,739	2,610	1,350

⁵ U.S. Bureau of Labor Statistics, https://www.bls.gov/regions/midwest/summary/blsummary_chicago.pdf.

⁶ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUST170000000000003>.

⁷ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUMT171698000000003>.

⁸ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCN170310000000003>.

⁹ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCT171400000000003>.

The annual unemployment rates for the United States, the State of Illinois, Cook County, the Chicago MSA and the City are set forth in Table 3 for the years 2015 through 2024 and for 2025 for the United States only.

TABLE 3. ANNUAL UNEMPLOYMENT RATES (2015-2025)¹⁰

Year	United States ¹¹	State of Illinois	Chicago MSA	Cook County	Chicago
2015	5.3	6.0	6.0	6.3	6.7
2016	4.9	5.9	5.9	6.2	6.6
2017	4.4	5.0	4.9	5.1	5.5
2018	3.9	4.4	4.1	4.1	4.3
2019	3.7	4.0	3.9	3.9	4.1
2020	8.1	9.3	9.8	10.8	11.6
2021	5.3	6.1	6.2	7.0	7.6
2022	3.6	4.6	4.6	5.0	5.2
2023	3.6	4.5	4.4	4.5	4.7
2024	4.0	5.0	5.2	5.4	5.7
2025	4.3 ¹²	---	---	---	---

The monthly unemployment rates for the Chicago MSA are set forth in Table 4 for the years 2021 through November 2025.

TABLE 4. Chicago MSA Monthly Unemployment Rate¹³

	2021	2022	2023	2024	2025
January	8.0	5.1	4.5	5.0	5.1
February	7.5	5.0	4.5	5.4	5.3
March	6.9	4.5	4.3	5.0	5.3
April	6.7	4.3	3.6	4.7	4.8
May	6.6	4.4	3.9	5.0	4.6
June	7.6	5.2	4.8	6.0	4.7
July	6.9	4.9	4.5	5.9	4.9
August	6.3	5.0	5.1	5.6	4.6
September	5.2	4.5	4.6	5.0	4.2
October	4.9	4.4	4.5	5.0-	N/A ¹⁴
November	4.3	4.2	4.2	4.8-	---
December	4.0	3.9	4.2	4.5-	---

¹⁰ See Footnote 6-9.

¹¹ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LNU04000000>.

¹² Annual estimates for 2025 are 11-month averages that exclude October. Data for October 2025 was not collected due to the federal government shutdown.

¹³ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUMT171698000000003>.

¹⁴ Unavailable due to the 2025 lapse in appropriations.

HOUSING MARKET

The monthly home sales and median home sale prices for Chicago for years 2019 through December 2025 are shown in the following tables.

TABLE 5. CHICAGO MONTHLY HOME SALES¹⁵
2019—2025

	2019	2020	2021	2022	2023	2024	2025
January	1,337	1,427	1,670	1,801	1,076	1,059	1,265
February	1,422	1,472	1,628	1,879	1,207	1,321	1,306
March	2,025	2,082	2,877	2,827	2,168	1,790	1,812
April	2,555	2,018	3,283	3,299	2,028	2,189	2,091
May	2,895	1,666	3,358	3,293	2,397	2,404	2,286
June	2,766	2,020	3,767	3,393	2,541	2,235	2,365
July	2,655	2,725	3,300	2,426	1,986	2,161	2,158
August	2,543	2,813	2,831	2,293	2,189	2,083	1,920
September	1,954	2,570	2,611	2,030	1,830	1,643	1,772
October	2,048	2,541	2,417	1,709	1,610	1,688	1,782
November	1,659	2,011	2,338	1,522	1,399	1,481	1,332
December	1,861	2,220	2,392	1,484	1,470	1,583	1,615

¹⁵ Illinois Association of Realtors, “City of Chicago Monthly Housing Market Reports,” <https://www.illinoisrealtors.org/marketstats/>.

TABLE 6. CHICAGO MEDIAN HOME SALE PRICES¹⁶
2019—2025

	2019	2020	2021	2022	2023	2024	2025
January	\$ 252,000	\$ 269,000	\$ 310,000	\$ 310,000	\$ 297,500	\$ 315,000	\$ 350,000
February	273,900	290,000	320,000	320,000	312,500	330,000	360,000
March	291,450	320,000	345,000	345,000	334,000	359,000	380,000
April	310,000	339,450	374,000	370,000	340,000	370,000	399,000
May	315,000	315,000	351,000	352,500	335,000	362,000	390,000
June	319,900	329,500	351,500	367,000	355,000	379,925	400,000
July	306,250	330,000	345,000	350,000	342,500	360,000	375,000
August	289,900	335,000	335,000	317,500	330,000	355,000	376,000
September	292,750	322,500	320,000	320,000	324,450	350,000	360,000
October	275,356	315,000	312,000	320,000	320,000	347,500	370,000
November	270,000	295,000	327,000	305,000	322,500	365,000	360,000
December	278,500	307,500	315,000	305,000	310,000	345,000	350,000

The S&P Case Shiller index for Chicago for years 2021 through November 2025 are shown in the following table.

TABLE 7. S&P CASE SHILLER CHICAGO HOME PRICE INDEX¹⁷

	2021	2022	2023	2024	2025
January	157.1	176.4	185.2	200.0	215.4
February	157.9	178.9	185.6	202.3	216.8
March	159.3	179.8	187.5	203.8	217.5
April	160.6	181.5	188.9	205.4	217.5
May	162.1	183.1	191.2	205.5	217.8
June	163.6	184.9	192.5	206.0	218.4
July	165.1	185.8	193.9	206.7	219.3
August	166.7	185.5	194.7	208.6	220.6
September	168.3	185.0	196.0	209.6	221.1
October	169.9	184.9	197.4	210.0-	222.4
November	171.9	185.4	198.3	210.8-	223.1
December	174.5	184.8	199.6	213.2-	not available

¹⁶ Illinois Association of Realtors, “City of Chicago Monthly Housing Market Reports,” <https://www.illinoisrealtors.org/marketstats/>.

¹⁷ <https://fred.stlouisfed.org/series/CHXRSA>.

TRANSPORTATION

TABLE 8. CHICAGO O'HARE INTERNATIONAL AIRPORT MONTHLY ENPLANEMENTS¹⁸

	2021	2022	2023	2024	2025
	2,045,468	3,876,325	5,016,105	5,120,873	5,580,666
February	1,990,837	3,962,686	4,764,450	5,206,510	5,109,320
March	3,074,184	5,677,533	6,024,291	6,412,065	6,811,053
April	3,536,252	5,581,608	5,940,636	6,468,915	6,583,541
May	4,381,688	6,095,049	6,415,742	7,197,283	7,993,867
June	5,348,862	6,489,509	6,738,747	7,393,848	8,040,909
July	5,965,201	6,623,567	6,882,341	7,666,522	8,263,448
August	5,892,735	6,413,937	6,980,334	7,646,022	8,019,613
September	5,392,301	6,110,276	6,489,471	7,023,313	7,448,083
October	5,813,566	6,315,469	6,665,661	7,169,102	7,919,632
November	5,297,105	5,604,756	5,648,838	6,179,763	6,362,342
December	5,264,334	5,589,305	6,065,453	6,504,248	not available

TABLE 9. CHICAGO MIDWAY AIRPORT MONTHLY ENPLANEMENTS¹⁹

	2021	2022	2023	2024	2025
January	695,843	947,651	1,391,983	1,258,082	1,193,966
February	660,931	1,000,453	1,359,126	1,299,130	1,091,446
March	1,068,551	1,426,899	1,787,191	1,806,919	1,558,489
April	1,204,329	1,504,465	1,835,816	1,821,616	1,546,420
May	1,398,963	1,716,807	2,024,631	1,989,026	1,661,681
June	1,611,614	2,018,714	2,107,925	2,174,030	1,971,984
July	1,791,111	2,111,432	2,181,457	2,294,169	2,055,871
August	1,679,225	2,060,579	2,070,966	2,003,374	1,889,107
September	1,498,477	1,899,254	1,903,253	1,869,539	1,769,413
October	1,565,309	1,944,375	2,037,008	1,824,887	1,793,171
November	1,392,173	1,776,267	1,723,562	1,570,991	1,485,150
December	1,302,935	1,481,795	1,614,588	1,590,784	not available

OTHER ECONOMIC CONSIDERATIONS

The City, World Business Chicago (“WBC”), and the Chicago Metropolitan Agency for Planning (“CMAP”) have adopted various long-range economic development plans intended to guide investment, land use, and industry growth over multiple decades. These initiatives, taken together, each reflect a broadly coordinated policy framework designed to strengthen the City’s economic base, support specific sectors, activate underutilized residential, commercial, and

¹⁸ <https://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>.

¹⁹ <https://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>.

industrial properties, and enhance Chicago’s position as a global commercial center. The following text summarizes certain plans and projects related to the City’s long-term economic development.

In November 2025, the City’s Department of Planning and Development publicly released the Central Area Plan 2045 (the “Central Area Plan”). The Central Area Plan was unanimously adopted by the City’s Plan Commission on November 20, 2025 and is currently available for download on the City’s website²⁰. The Central Area Plan includes hundreds of recommendations for improvements to the City’s downtown area and was shaped by a two-year public engagement process. It is the first comprehensive downtown land-use framework in more than two decades and establishes a long-range vision for the Loop and adjacent neighborhoods. The Central Area Plan includes eight pillars that collectively serve as a policy framework: (i) arts and entertainment, (ii) economic development, (iii) environment, climate and energy, (iv) housing and neighborhoods, (v) land use, (vi) lifelong learning, (vii) public health and safety, and (viii) transportation and infrastructure. Its purpose is to guide public and private development through coordinated improvements to public space, transportation connectivity, adaptive reuse of office inventory, and activation of riverfront and streetscape environments. The Central Area Plan is designed to serve as the City’s principal policy framework governing downtown development through 2045.

In December 2025, WBC publicly released Chicago 2050: A Plan for Economic Growth and Jobs (the “WBC 2050 Plan”). WBC is a public-private partnership and a 501(c)(3) nonprofit economic development organization supported, in part, by funding from the City. WBC’s mission is to drive inclusive economic growth and job creation, support businesses, and promote Chicago as the leading global city to help existing companies expand as well as attract new companies. The WBC 2050 Plan serves as a forward-looking, comprehensive economic growth strategy and establishes both near-term and long-term priorities. The plan’s stated near-term strategies are categorized into three main areas: economic growth, future readiness, and quality of life promotion. The plan is intended to inform policy decisions, development initiatives, and institutional partnerships for the City and region. The WBC 2050 Plan indicates that the plan will be updated every five years. It is currently available for download on WBC’s website²¹.

In February 2026, CMAP publicly released its State of the Region report. CMAP is a government planning agency that works on behalf of counties and municipalities, including Chicago, in northeastern Illinois. CMAP was created by the Regional Planning Act (70 ILCS 1707/1 et. seq.) (the “Regional Act”), and CMAP’s Policy Committee is the federally-designated Metropolitan Planning Organization for northeastern Illinois as detailed in the Federal-Aid Highway Act of 1962 [23 U.S.C. § 134]. The Regional Act provides for a consolidated regional planning agency to plan for the most effective public and private investments in the northeastern Illinois region, to better integrate plans for land use and transportation, and serve as the region’s data hub. The CMAP Board includes five members appointed by the Mayor of the City.

The recently released State of the Region report discusses CMAP’s forthcoming “The Century Plan”, which is being developed throughout 2026 and 2027 with the purpose, as described in the State of the Region report, of building a long-term vision for a better, stronger northeastern Illinois. The State of the Region report focuses on trends in six domains: (i) transportation, (ii) jobs

²⁰ City of Chicago, <https://www.chicago.gov/city/en/sites/central-area-plan/home.html>

²¹ World Business Chicago, <https://worldbusinesschicago.com/chicago-2050/>

and the economy, (iii) people, (iv) housing, (v) cost of living, and (vi) natural resources, and is designed to serve as a foundation for what to prioritize in “The Century Plan”. The State of the Region report is currently available for download on CMAP’s website²².

Additionally, CMAP is now implementing ON TO 2050, a long-range plan to assist the communities of northeastern Illinois implement strategies that address transportation, housing, economic development, open space, the environment, and other quality-of-life issues. ON TO 2050, originally adopted in October 2018 and updated in October 2022 by CMAP, establishes economic and infrastructure priorities for northeastern Illinois²³. Although regional in scope, ON TO 2050 influences City planning through coordinated transportation, housing, and land-use policies. Together, these CMAP plans provide a layered policy structure within which Chicago’s local development initiatives are conceived and implemented.

The Chicago MSA, as noted previously, is large and diversified, with strong global transit links. The Chicago MSA is the largest inland region in the United States; if it were measured as a country, it would be approximately the 25th largest economy in the world²⁴.

According to Fortune’s 2025 ranking of top U.S. public companies by annual revenue, the Chicagoland region has approximately 30 Fortune 500 companies, which is the second-highest number of Fortune 500 company headquarters in the nation, after the New York City metropolitan area. Corporations headquartered in the City include, but are not limited to, Abbvie, Allstate, CDW, Discover, Abbott, US Foods, Archer Daniels Midland, United Airlines, Mondelez International, McDonalds, Kraft Heinz, Exelon, GE Healthcare Technologies, Northern Trust, Kellanova, and Conagra Brands²⁵. In March 2025, Chicagoland was once again named the number one metro in the U.S. for corporate relocation and investment by *Site Selection Magazine*, a leading publication in corporate real estate and facility planning, marking its 12th consecutive year atop the ranking.

Choose Chicago is the official destination marketing organization for the City. The Choose Chicago Board of Directors includes eight members appointed by the Mayor of the City. In February 2026, Choose Chicago hosted its 2026 Annual Meeting and publicly released its 2025 Annual Report. The 2025 Annual Report highlights outperformance of national trends and 2025 achievements, including an all-time records for “hotel room nights booked” at 2.8 million and bookings of major Citywide conventions at 65. The Choose Chicago 2025 Annual Report is currently available for download on Choose Chicago’s website²⁶.

McCormick Place, which is the largest convention center in North America with 2.6 million square feet of exhibit space, is managed by the Metropolitan Pier and Exposition Authority (“MPEA”). The MPEA Board of Directors includes five members appointed by the Mayor of the City. Chicago ranked second only to Las Vegas in a 2023 ranking by *The Wall Street Journal* of the best convention centers in the United States²⁷. In December 2025, McCormick Place was

²² Chicago Metropolitan Agency for Planning, <https://cmap.illinois.gov/news-updates/state-of-the-region-report/>

²³ Chicago Metropolitan Agency for Planning, <https://cmap.illinois.gov/regional-plan/>

²⁴ World Business Chicago, Chicago Business Bulletin, August 2025, <https://worldbusinesschicago.com/the-research-center/>

²⁵ Fortune, <https://fortune.com/ranking/fortune500/>

²⁶ Choose Chicago, <https://www.choosechicago.com/about-us/>

²⁷ Wall Street Journal, <https://www.wsj.com/business/hospitality/best-convention-centers-united-states-13867b35?msockid=2a21e933ac6f66e502eefe39ad4067f3>

named by *EXHIBITOR* magazine among the Top 25 Convention Centers Worldwide and received the additional distinction of Best Facility Exceeding 1 Million Square Feet²⁸.

Chicago is home to a variety of cultural institutions, including art museums, science museums, performing arts facilities, comedy venues, a zoo, an aquarium, and multiple professional sports teams. The Art Institute of Chicago has been consistently rated as one of the top museums in the world (as well as one of Tripadvisor’s “Best of the Best” U.S. attractions of 2025²⁹), the Griffin Museum of Science and Industry is one of the largest science museums in the world, and the Lincoln Park Zoo is one the oldest public zoos in the country. Additionally, Navy Pier describes itself as the top visited destination in the Midwest³⁰. In 2025, Chicago was named the Best Big City in the U.S. in the *Condé Nast* Traveler Readers’ Choice Awards for the 9th consecutive year³¹.

The City has recently advanced major long-term cultural and business development projects intended to generate economic growth, establish future readiness, and promote quality of life. A selection of such projects are described below.

The Obama Presidential Center (the “Center”) is anticipated to open in June 2026 and is located on nearly 20 acres in Jackson Park. Jackson Park, which is also home to the Griffin Museum of Science and Industry, is located by University of Chicago and the Hyde Park neighborhood on the City’s South Side. In May 2018, the Chicago Plan Commission approved plans for the Center, and also in May 2018 City Council passed an ordinance authorizing a master agreement, use agreement, and other agreements between the Obama Foundation and the City. The Center consists of a museum, a branch of the Chicago Public Library, educational spaces, athletic and community facilities, and playscapes for children. The Center is intended to serve as a major cultural destination while also generating surrounding neighborhood investment and employment.

The Illinois Quantum and Microelectronics Park (“IQMP”), located on the City’s far South Side, is a more than 125-acre campus that is expected to establish the City as a global leader in quantum computing. The IQMP will be managed and operated by a University Related Organization entity established by the Board of Trustees of the University of Illinois. The IQMP is expected to connect government, universities, national labs, and industry to facilitate the development of quantum technologies. The IQMP is part of a broader 400-acre master plan on the former U.S. Steel South Works site. In July 2024, the campus’s first anchor tenant, PsiQuantum, was announced. In November 2024, the Chicago Plan Commission approved site plans, and in December 2024 the City Council passed an ordinance also approving plans for the site. Also in December 2024, IBM announced the establishment of its National Quantum Algorithm Center at the IQMP. A ceremonial groundbreaking of the IQMP was conducted in September 2025. The site is supported, in part, by the U.S. Department of Energy’s Argonne National Laboratory and Fermi National Accelerator Laboratory as well as the U.S. Department of Defense’s Defense Advanced Research Projects Agency (“DARPA”) ³². The Memorandum of Agreement signed between the State and DARPA will establish the IQMP as the site for a new Quantum Proving Ground program,

²⁸ McCormick Place, <https://www.mccormickplace.com/newsroom/press-release-2025-12-18/>

²⁹ TripAdvisor, <https://www.tripadvisor.com/TravelersChoice-ThingsToDo-cTopAttractions-g191>

³⁰ Navy Pier, <https://navypier.org/>

³¹ Choose Chicago, <https://www.choosechicago.com/press-media/press-releases/chicago-voted-best-big-city-in-the-u-s-by-readers-of-conde-nast-traveler-for-ninth-consecutive-year/>

³² Chicago Quantum Exchange, <https://chicagoquantum.org/about>

where quantum computing prototypes will be tested and evaluated as part of DARPA's Quantum Benchmarking Initiative. The State's Fiscal Year 2025 budget included an investment of \$500 million into IQMP with the goal of the site becoming an economic engine for the City and State³³.

The United Center in the City's Near West Side is home to the Chicago Bulls and Blackhawks. In January 2025, the Chicago Plan Commission approved the initial framework for a privately funded \$7 billion plan, described as the "1901 Project", to redevelop approximately 50 acres of land surrounding the United Center. Following the Chicago Plan Commission's approvals of the initial phase, in February 2025 the City Council passed an ordinance approving such phase of the 1901 Project. The 1901 Project is expected to include a multi-phase mixed-use district encompassing residential, commercial, hospitality, and entertainment uses. According to documents from the January 2025 Chicago Plan Commission, the first phase of the proposed development includes a 6,000-seat music hall, a 233-room hotel, and two parking structures. The plan is expected to evolve over several phases throughout the next several years³⁴.

The 78 is a master planned development located on approximately 60 acres along the Chicago River in the South Loop³⁵. The 78 is being developed by Related Companies. A central component of The 78 is a new stadium for Chicago Fire FC. A zoning amendment for the stadium was approved by the Chicago Plan Commission and City Council in September 2025. The proposed stadium is expected to be a 22,000 seat facility and will anchor the first phase of the broader master plan for The 78. The stadium is expected to break ground in spring 2026 and open in time for the 2028 Major League Soccer season. Zoning for the remainder of the \$8 billion project is expected to include residential, retail, office and institutional uses. Future phases would be subject to site plan approvals by the City's Department of Planning and Development.

Private developers are undertaking revitalization initiatives in the Loop, which include the adaptive reuse of the James R. Thompson Center, which is being redeveloped as a major Midwest hub for Google. The project involves significant renovation of the landmark structure and is projected to open in 2026³⁶. The redevelopment is considered a flagship example of reinvestment in City's downtown. Additionally, the City has also authorized redevelopment initiatives along LaSalle Street through the "LaSalle Street Reimagined" program, an initiative to convert underutilized office buildings into mixed-income residential and mixed-use properties. Multiple projects have recently received City-support and approvals, with phased completions anticipated over the next few years. The program is intended to diversify downtown land uses and stabilize property values in the City's financial district consistent with the Central Area Plan.

³³ Illinois Quantum and Microelectronics Park, <https://iqmp.org/>

³⁴ 1901 Project, <https://www.the1901projectchicago.com/>

³⁵ The 78, <https://www.78chicago.com/>

³⁶ Chicago YIMBY, <https://chicagoyimby.com/2026/01/google-lands-85-million-permit-for-interior-renovations-at-the-thompson-center.html>

APPENDIX F

INFORMATION REGARDING CITY OF CHICAGO PROPERTY TAXES

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REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

General

Information in this **APPENDIX F** provides a general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County. The following is not an exhaustive discussion, nor can there be any assurance that the procedures described in this **APPENDIX F** will not be changed either retroactively or prospectively. The Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the “**Property Tax Code**”).

Substantially all (approximately 99.99 percent) of the “Equalized Assessed Valuation” (described below) of taxable property in the City is located in Cook County. The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth in this **APPENDIX F** and elsewhere in this Official Statement with respect to taxable property in the City does not reflect the portion situated in DuPage County.

Assessment

The Cook County Assessor (the “**Assessor**”) is responsible for the assessment of all taxable real property within Cook County, except for certain types of property (e.g. certain railroad property and pollution control equipment, which are assessed directly by the State). Approximately one-third of the real property in Cook County is reassessed each year on a repeating triennial schedule established by the Assessor. The suburbs in the northern portions of Cook County were reassessed in 2025. The City was reassessed in 2024. The suburbs in the western and southern portions of Cook County were last reassessed in 2023 and will be reassessed again in 2026.

Real property in Cook County is separated into various classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the “**Assessed Valuation**”) for the parcel. The current classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualifies for certain incentive classification wherein a property would be assessed at a reduced percentage, not lower than 10 percent.

The Cook County Board of Commissioners has adopted various amendments to Cook County’s Real Property Assessment Classification Ordinance (the “**Classification Ordinance**”), pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest the Assessor’s tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Assessor, and by Cook County Board of Review (the “**Board of Review**”). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor. Owners of property can appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “**PTAB**”), a Statewide administrative body, or to the Circuit Court. The PTAB has the power to determine the Assessed Valuation of real property based on

equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court or the Illinois Appellate Court under the Illinois Administrative Review Law.

In a series of PTAB decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in Cook County based upon the application of median levels of assessment derived from Illinois Department of Revenue (“**IDOR**”) sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The City believes that the impact of any such case on the City would be minimal, as the City’s ability to levy or collect real property taxes would be unaffected.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The City filed a petition to intervene in certain of these proceedings for the first time in 2003, but the Circuit Court denied the City’s petition in early 2004. The City appealed the Circuit Court decision. On appeal, the Circuit Court decision was reversed, and the matter was remanded to the Circuit Court with instructions to allow the City to proceed with its petitions to intervene. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

A study of 2018 assessments by the International Association of Assessing Officers found that under the prior Assessor commercial properties were undervalued. As a result, the current Assessor has stated that his office has taken significant steps toward more accurate assessments. The Assessor’s Office reports that this has resulted in a shift of the property tax burden from residential properties to commercial properties.

The Assessor’s Office also recognized the impact COVID-19 had on Cook County and made COVID-19 adjustments to reduce the market values of residential and commercial properties in 2020. The percentage reduction varied depending on the property classification and location. On January 11, 2021, the Assessor’s Office published a report describing the Assessor’s application of COVID-19 adjustments to properties located in the northern suburbs and the City of Chicago.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year, including any revisions made by the Board of Review, the IDOR reviews the assessments and determines an equalization factor (the “**Equalization Factor**”), commonly called the “multiplier,” for each county. The purpose of equalization is to bring the aggregate assessed

value of all real property, except farmland and undeveloped coal, in each county to the statutory requirement of 33-1/3 percent of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in Cook County is multiplied by Cook County's Equalization Factor to determine the parcel's equalized assessed valuation (the "**Equalized Assessed Valuation**" or "**EAV**").

The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "**Assessment Base**"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. The Equalization Factors for each of the last 11 tax levy years, from 2014 through 2024 (the most recent years available), are listed in this Official Statement under "**OTHER BUDGET CONSIDERATIONS – PROPERTY TAXES**" (see TABLE 16. ASSESSED, EQUALIZED ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY).

In 1991, legislation was enacted by the State which provided that, for 1992 and for subsequent years' tax levies, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. This legislation impacts taxing districts with rate limits only and currently does not apply to the City. See "PROPERTY TAX LIMIT CONSIDERATIONS" below.

Exemptions

The Property Tax Code fully or partially exempts certain property from taxation. Certain property is fully exempt from taxation on the basis of ownership and/or use (e.g., public parks, not for profit schools, public schools, municipality and state owned property, churches, not for profit hospitals and public hospitals). In addition, the Property Tax Code provides for a variety of partial homestead exemptions, some of which are discussed below.

The annual general homestead exemption provides for the reduction of the EAV of certain property owned and used exclusively for residential purposes (a homestead) by the amount of the increase over the 1977 EAV, currently up to a maximum reduction of \$10,000 in Cook County and \$6,000 in all other counties. The following non-exhaustive homestead exemptions listed are also available.

TABLE 1. ILLINOIS HOMESTEAD EXEMPTIONS

Homestead Exemption	Qualifying Claimant	Assessor Is Authorized To...
Homestead	Senior citizens ¹	Reduce EAV by \$8,000
Homestead	• Disabled veterans or their spouses; or • WWII veterans²	• Reduce EAV by \$2,500 or \$5,000, depending on extent of disability; or • Provide 100% exemption
Homestead	Disabled persons	Reduce EAV by \$2,000
Homestead improvements to an existing single-family residence	Owner of residence	• Exempt up to \$75,000 of increase in fair cash value of home • For at least four years from the date improvements completed and home occupied
Homestead assessment freeze ³	• Senior citizens; • Whose household income is (i) \$75,000 or less for taxable year 2026; (ii) \$77,000 or less for taxable year 2027 and (iii) \$79,000 or less for taxable year 2028 and thereafter; and • Who (i) are the owner of record or (ii) have a legal or equitable interest	• Freeze EAV • In the first qualifying year and each qualifying year thereafter
Homestead	Veterans returning from active duty in armed conflict	• Reduce EAV by \$5,000 • Only for each taxable year in which the veteran returns

¹ Individuals at least 65 years of age.

² Veterans who were a member of the United States Armed Forces at any time during World War II (the period beginning on December 7, 1941 and ending on December 31, 1946) regardless of their level of disability rating.

³ Must apply with the chief county assessment office every year.

Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the IDOR, there are exemptions generally available for properties of religious, charitable (including qualifying not-for-profit hospitals) and educational organizations, as well as units of federal, state and local governments.

Additionally, counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, long-time, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction

of new residences in the area. On June 5, 2001, Cook County enacted the Longtime Homeowner Exemption Ordinance, which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner's triennial assessment does not exceed 115 percent of the Chicago Primary Metropolitan Statistical Area median income, as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150 percent of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of \$300,000 or less in the current reassessment year and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property's fair cash value in excess of the \$45,000 allowance set forth in the Property Tax Code.

Tax Levy

There are over 800 units of local government (the “**Units**”) located in whole or in part in Cook County that have taxing power. The major Units having taxing power over property within the City are the City, the Park District, the Board of Education of the City of Chicago, City Colleges, the Metropolitan Water Reclamation District of Greater Chicago, Cook County and the Forest Preserve.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real estate taxes, proceedings are adopted by the governing body for each Unit. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the “**County Collector**”).

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the “**Warrant Books**”) the tax (determined by multiplying that total tax rate by the EAV of that parcel), along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law (the “**Truth in Taxation Law**”) contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and

requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105 percent of the levy of the preceding year, exclusive of levies for debt service, levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105 percent of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the general obligations bonds and notes of the City.

Collection

Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first installment is typically due on March 1 and the second installment is typically due on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill calculated at 55 percent of the prior year's tax bill. The second installment is for the balance of the current year's tax bill and is based on the current levy, assessed value and Equalization Factor and applicable tax rates and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

Cook County may provide for tax bills to be payable in four installments instead of two. Cook County has not determined to require payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit not less than weekly.

The County's second installment of property tax bills for tax year 2024 was issued on November 14, 2025, which was later than usual. The delay related to completing the full implementation of a new computer system by the County, which implementation remains ongoing. Payment for the second installment of property taxes for tax year 2024 was due on December 15, 2025. Public Act 104-0452 became effective on December 12, 2025 and provides for the extension of the first installment penalty date for tax year 2025 to April 1, 2026. The full impact of the delay in issuing the property tax bills for tax year 2024 and the extension of the first installment penalty date for tax year 2025 on the City is not measurable at this time. However, based on certain preliminary estimates and timing assumptions regarding the collection of the second installment of property taxes for tax year 2024 and the first installment of property taxes for 2025 and the availability of certain other funds, the City anticipates that it will continue to be able to: (a) make timely debt service payments and (b) fund its operations.

As noted in **“PENSION BENEFITS PROVIDED BY THE CITY - DETERMINATION OF CITY'S CONTRIBUTIONS,”** to preserve flexibility with respect to near-term cash-management considerations related to delays in the receipt of property taxes, among other cash flow matters, while preserving the benefits of the Pension Funding Policy, the City has elected to split the 2026 advance pension contribution of \$259.6 million into two equal installments. The first installment of \$129.8 million was paid on January 16, 2026, and the second installment of \$129.8 million will be paid later in the year. See **“INVESTMENT CONSIDERATIONS – DELAYS IN THE COLLECTION OF PROPERTY TAXES.”**

Table 2 sets forth the second installment penalty date for the tax years 2014 to 2024; the first installment penalty date has been March 1 for all such years (with the exceptions of tax year 2020 and tax year 2022, which first installment penalty dates were May 3, 2021 and April 3, 2023, respectively).

TABLE 2. SECOND INSTALLMENT PENALTY DATE

Tax Year	Penalty Date
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	October 1, 2020*
2020	October 1, 2021*
2021	December 30, 2022*
2022	December 1, 2023*
2023	August 1, 2024
2024	December 15, 2025*

*Penalty Date Extended

For tax year 2022 (collected in 2023), the first installment of property taxes (typically due in March of each year) was due on April 3, 2023. The second installment was due December 1, 2023. These installments were delayed for several months due to delays in the assessment process and a computer system upgrade (which has since been completed). For tax year 2021 (collected in 2022), the first installment of property tax due date was March 1, 2022, and the second installment of property taxes (typically due in August of each year) was due on December 30, 2022.

Moreover, as a result of the onset of the COVID-19 pandemic at the beginning of calendar year 2020, the tax penalty dates for the second installment of tax levy year 2019, the first installment of tax levy year 2020 and the second installment of tax levy 2020 property taxes levied in the County were extended to October 1, 2020, May 3, 2021, and October 2, 2021, respectively.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "**Annual Tax Sale**"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5 percent per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale, multiplied by a certain multiplier based on each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years, depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the

tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect property taxes.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, and the property taxes remain unpaid, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the “**Scavenger Sale**”), like the Annual Tax Sale, is a sale of unpaid taxes. In the County, if a property’s taxes go unpaid in at least three of the previous 20 years, the property can be offered at a Scavenger Sale, which has been scheduled every two years historically. The most recent Scavenger Sale was March 3, 2022. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Public Act 103-0555, effective January 1, 2024, eliminates the County’s mandatory Scavenger Sale and allows the County or local governments to take control of properties if they are not purchased in the Annual Tax Sale. The County, like all other Illinois counties, can cease selling tax liens and instead work to connect chronically-delinquent, forfeited tax liens to new development opportunities.

In December 2025, a federal district court ruled in *Kidd v. Pappas* that the Annual Tax Sale violated the United States Constitution’s Fifth and Eighth Amendments. Litigation regarding whether the County is financially liable for homeowner losses resulting from the Annual Tax Sale remains ongoing.

The Annual Appropriation Ordinance of the City has a provision for an allowance for uncollectible taxes for debt service. The City reviews this provision annually to determine whether adjustments are appropriate. For tax year 2024, collectible in 2025, the allowance for uncollectible taxes is approximately 2 percent of the estimated gross tax levy for debt service and pension contributions. For financial reporting purposes, uncollected taxes are written off by the City after four years but are fully reserved after one year.

PROPERTY TAX LIMIT CONSIDERATIONS

State of Illinois

The Property Tax Code limits (i) the amount of property taxes that can be extended for non-home rule units of local government located in Cook County and five adjacent counties and (ii) the ability of those entities to issue general obligation bonds without voter approval (collectively, the “**State Tax Cap**”). Generally, the extension of property taxes for a unit of local government subject to the State Tax Cap may increase in any year by 5 percent or the percent increase in the Consumer Price Index for the preceding year, whichever is less, or the amount approved by referendum. The State Tax Cap does not apply to “limited bonds” payable from a unit’s “debt service extension base” or to “double-barreled alternate bonds” issued pursuant to Section 15 of the Local Government Debt Reform Act.

As a home rule unit of government, the City is not subject to the State Tax Cap. Under the Illinois Constitution, the enactment of legislation applying the State Tax Cap to the City and other home rule municipalities would require a law approved by the vote of three-fifths of the members of each house of the Illinois General Assembly and the concurrence of the Governor of the State. It is not possible to predict whether, or in what form, any property tax limitations applicable to the City would be enacted by the Illinois General Assembly. If the City were to become subject to a State-imposed property tax limitation restriction in the future similar to the State Tax Cap or any other restriction or freeze on property taxes, the City's ability to levy property taxes in amounts needed for its future funding needs may be adversely affected.

As a home rule unit of government, the City is not limited as to the amount of debt it may issue payable from *ad valorem* property taxes. Under the Illinois Constitution, the General Assembly may limit by law the amount and require referendum approval of such debt, but only to the extent such debt, in the aggregate, exceeds 3 percent of the assessed value of all taxable property in the City.

State law imposes certain notice and public hearing requirements on non-home rule units of local government that propose to issue general obligation debt. These requirements do not apply to the City.

City of Chicago

In 1993, the City Council adopted an ordinance (the “**Chicago Property Tax Limitation Ordinance**”) limiting, beginning in 1994, the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy (subject to certain adjustments) plus the lesser of (a) 5 percent or (b) the percentage increase in the annualized Consumer Price Index for all urban consumers for all items, as published by the United States Department of Labor, during the 12-month period most recently announced prior to the filing of the preliminary budget estimate report. The Chicago Property Tax Limitation Ordinance also provides that such limitation shall not reduce that portion of each levy attributable to the greater of (i) for any levy year, interest and principal on general obligation notes and bonds of the City outstanding on January 1, 1994, to be paid from collections of the levy made for such levy year, or (ii) the amount of the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy (the “**Safe Harbor**”). Additional safe harbors are provided for portions of any levy attributable to payments under installment contracts or public building commission leases or attributable to payments due as a result of the refunding of general obligation bonds or notes or of such installment contracts or leases.

Pursuant to the Bond Ordinances, the taxes levied by the City for the payment of principal and interest on the Series 2026 Bonds are not subject to the limitations contained in the Chicago Property Tax Limitation Ordinance.

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APPENDIX G

ADDITIONAL REDEMPTION PROVISIONS

Selection of Series 2026 Bonds for Redemption

If the Series 2026 Bonds are not registered in the book-entry system or DTC or a successor securities depository is not the sole registered owner of such Series 2026 Bonds, such redemption shall be by lot in such manner as the Trustee may determine among such Series 2026 Bonds. In selecting Series 2026 Bonds of like Series, Maturity Date, interest rate, and call date for redemption, the Trustee shall assign to each Series 2026 Bond a distinctive number for each applicable minimum Authorized Denomination of such Series 2026 Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum Authorized Denomination for each number, shall equal the principal amount of such Series 2026 Bonds to be redeemed. In such case, the Series 2026 Bonds to be redeemed shall be those to which were assigned numbers so selected; provided that only so much of the principal amount of each Series 2026 Bond shall be redeemed as shall equal such minimum Authorized Denomination for each number assigned to it and so selected. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2026 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Series 2026 Bond shall forthwith surrender such Series 2026 Bond to the Trustee for (i) payment to such Registered Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (ii) delivery to such Registered Owner of a new Series 2026 Bond or Series 2026 Bond in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2026 Bond. New Series 2026 Bonds representing the unredeemed balance of the principal amount of such Series 2026 Bonds shall be issued to the Registered Owner thereof without charge therefor.

Notice of Redemption of Series 2026 Bonds

All notices of redemption with respect to the Series 2026 Bonds shall state: (i) the Series; (ii) the redemption date; (iii) the Redemption Price; (iv) if less than all outstanding Series 2026 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates) of the Series 2026 Bonds to be redeemed; (v) that on the redemption date the Redemption Price will become due and payable upon each such Series 2026 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date; (vi) the place where such Series 2026 Bonds are to be surrendered for payment of the Redemption Price; and (vii) such other information as shall be deemed necessary by the Trustee at the time such notice is given to comply with law, regulation or industry standard.

Such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the applicable Redemption Price of such Series 2026 Bonds. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Series 2026 Bonds and such failure to deposit such funds shall not constitute an Event of Default under the Indenture. The Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys

were not so received and that such Series 2026 Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for the Series 2026 Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the applicable Redemption Price of all the Series 2026 Bonds or portions thereof which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Series 2026 Bonds, or portions thereof, to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited), such Series 2026 Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Series 2026 Bonds for redemption in accordance with said notice, such Series 2026 Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2026 Bond, there shall be prepared for the Registered Owner a new Series 2026 Bond or Series 2026 Bonds of the same Series, Maturity Date, interest rate, and call date in the amount of the unpaid principal.

If any Series 2026 Bonds, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by such Series 2026 Bonds, or portion thereof, called for redemption. All Series 2026 Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued.

Failure to give notice in the manner described above with respect to any Series 2026 Bonds, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2026 Bonds with respect to which notice was properly given. Upon the happening of the above conditions, and if sufficient moneys are on deposit with the Trustee on the applicable Redemption Date to redeem the Series 2026 Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2026 Bonds thus called will not, after the applicable Redemption Date, bear interest, be protected by the applicable Indenture or the Bond Ordinances or be deemed to be outstanding under the provisions of the applicable Indenture.

If any Series 2026 Bonds are transferred or exchanged on the Bond Register after notice has been given calling such Series 2026 Bonds for redemption, the Trustee will attach a copy of such notice to the Series 2026 Bond or Series 2026 Bonds issued in connection with such transfer or exchange.

APPENDIX H

REGISTRATION AND TRANSFERS FOR CERTIFICATED SERIES 2026 BONDS

Subject to the limitations described in the following paragraph, (i) upon surrender for registration of transfer of any Series 2026 Bond at the Designated Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the holder of such Series 2026 Bond or such holder's attorney duly authorized in writing in such form and with guarantee of signature as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees, one or more fully registered Series 2026 Bonds of the same Series, Maturity Date, interest rate, and call date of Authorized Denominations, for a like principal amount bearing numbers not contemporaneously outstanding and (ii) Series 2026 Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Series 2026 Bonds of the same Series, Maturity Date, interest rate, and call date of other Authorized Denominations bearing numbers not contemporaneously outstanding.

The Trustee shall not be required to transfer or exchange any Series 2026 Bonds during the period commencing on the Record Date next preceding any Interest Payment Date of such Series 2026 Bonds and ending on such Interest Payment Date, or to transfer or exchange any Series 2026 Bonds after the mailing of notice calling such Series 2026 Bonds for redemption has been made as provided in the applicable Indenture or during the period of 15 days next preceding the giving of notice of redemption of such Series 2026 Bonds.

No service charge shall be made for any transfer or exchange of Series 2026 Bonds, but the City or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of such Series 2026 Bonds, except that no such payment may be required in the case of the issuance of a Series 2026 Bond or Series 2026 Bonds for the unredeemed portion of a Series 2026 Bond surrendered for redemption.

Series 2026 Bonds delivered upon any registration of transfer or exchange will be valid general obligations of the City, evidencing the same debt as the Series 2026 Bonds surrendered, will be secured by the applicable Indenture and will be entitled to all of the security and benefits of the applicable Indenture and of the Bond Ordinances to the same extent as such Series 2026 Bond surrendered.

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APPENDIX I

DTC BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and recordkeeping with respect to the beneficial ownership interests in the Series 2026 Bonds, payment of interest and other payments on the Series 2026 Bonds to DTC Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Series 2026 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof. Accordingly, neither the City nor the Underwriters of the Series 2026 Bonds makes any representation concerning these matters.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect, and the City expressly disclaims any responsibility to update this Official Statement to reflect any such changes. Investors wishing to use the facilities of DTC are advised to confirm the continued applicability of the rules, regulations and procedures of DTC. The City will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2026 Bonds held through the facilities of DTC or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 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 maturity of the Series 2026 Bonds, in the aggregate principal amount of such maturity, 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, as amended (the "**Exchange Act**"). 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**"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Direct Participants and Indirect Participants

(collectively, “**DTC 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 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“**Beneficial Owner**”) is in turn to be recorded on the DTC 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 DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 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 2026 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 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The DTC 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 Direct Participants and Indirect 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 the Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinances and the Indentures or other documents related to the Series 2026 Bonds.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2026 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 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 City 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 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, premium, if any, and interest on the Series 2026 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 City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Underwriters, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Series 2026 Bonds will be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2026 Bonds will be printed and delivered to DTC.

Unless otherwise noted, the information contained in the preceding paragraphs concerning DTC and DTC's book-entry system has been extracted from information furnished by DTC. Neither the City 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.

SO LONG AS THE SERIES 2026 BONDS ARE REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, THE CITY AND THE TRUSTEE MAY TREAT DTC (OR ITS NOMINEE) AS THE SOLE AND EXCLUSIVE REGISTERED OWNER OF THE SERIES 2026 BONDS FOR ALL PURPOSES UNDER THE BOND ORDINANCES AND INDENTURES, INCLUDING FOR THE PURPOSES OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2026 BONDS, GIVING ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS UNDER THE BOND ORDINANCES AND INDENTURES, REGISTERING THE TRANSFER OF THE SERIES 2026 BONDS OR OTHER ACTION TO BE TAKEN BY REGISTERED OWNERS AND FOR ALL OTHER PURPOSES WHATSOEVER.

THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, TO ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2026 BONDS UNDER OR THROUGH DTC OR TO ANY DTC PARTICIPANT OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE CITY (KEPT BY THE TRUSTEE) AS BEING A REGISTERED OWNER THAT DTC OR DTC PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2026 BONDS: (i) PAYMENTS OF PRINCIPAL OR INTEREST ON THE SERIES 2026 BONDS; (ii)

CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS; OR (iii) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DTC PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

INTEREST AND PRINCIPAL WILL BE PAID BY THE CITY OR THE TRUSTEE TO DTC OR ITS NOMINEE. DISBURSEMENT OF SUCH PAYMENTS TO THE DIRECT PARTICIPANTS IS THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO THE BENEFICIAL OWNERS IS THE RESPONSIBILITY OF THE DTC PARTICIPANTS.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2026 Bonds, references in this Official Statement to the holders or registered owners of the Series 2026 Bonds (other than under the heading “**TAX MATTERS**” herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2026 Bonds.

NONE OF THE CITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO: (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (ii) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2026 BONDS UNDER THE TERMS OF THE BOND ORDINANCES OR INDENTURES; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2026 BONDS; (iv) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2026 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR OTHER DTC NOMINEE AS THE REGISTERED HOLDER OF THE SERIES 2026 BONDS; OR (vi) ANY OTHER MATTER.

Each person for whom a DTC Participant acquires an interest in the Series 2026 Bonds, as nominee, may desire to make arrangements with such DTC Participant to receive a credit balance in the records of such DTC Participant and may desire to make arrangements with such DTC Participant to have all notices of redemption or other communications of DTC, which may affect such person, to be forwarded in writing by such DTC Participant and to have notification made of all interest payments. NONE OF THE CITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2026 BONDS.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2026 Bonds if the City determines that DTC is unable to discharge its responsibilities with respect to the Series 2026 Bonds or that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the City or restricted registration is no longer in effect, Series 2026 Bond certificates will be delivered as described in the Bond Ordinances and the Indentures.

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