



\$138,260,000

CITY OF CHICAGO
Second Lien Wastewater Transmission
Revenue Bonds, Refunding Series 2024B

DATED: Date of Delivery**RATINGS**

A+ (Stable Outlook) Fitch
 AA- (Stable Outlook) Kroll
 A+ (Stable Outlook) S&P
 AA (Stable Outlook) S&P (Insured Bonds)

ISSUANCE

The City of Chicago Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024B (the “*Bonds*”) which will be issued pursuant to a Master Indenture of Trust dated as of May 1, 2023, as supplemented by a Second Supplemental Indenture dated as of April 1, 2024 (relating to certain technical corrections) (the “*Master Indenture*”), as supplemented by a Fourth Supplemental Indenture dated as of December 1, 2024 (relating to the issuance of the Bonds) (together with the Master Indenture, the “*Indenture*”) from the City to Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the “*Trustee*”). See “**INTRODUCTION— Authorization.**”

TAX EXEMPTION

Subject to the accuracy of certain representations and continuing compliance by the City with certain covenants, in the respective opinions of Co-Bond Counsel, under present law, interest on the Bonds is excludable from the gross income of their owners for federal income tax purposes and thus will be exempt from present federal income taxes based upon gross income. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax on individuals. Interest on the Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative income tax. Interest on the Bonds is not exempt from present Illinois income taxes. See “**TAX MATTERS.**”

SECURITY

The Bonds are limited obligations of the City having a claim for payment of principal and interest solely from Second Lien Bond Revenues on an equal and ratable basis with all other Second Lien Bonds that are Outstanding from time to time. The Bonds, together with any other Outstanding Second Lien Bonds, are secured by and payable from certain moneys and securities held by the Trustee under the Indenture, including but not limited to, any amounts on deposit in Second Lien Construction Accounts. The claim of the Bonds, together with any other Outstanding Second Lien Bonds, to Net Revenues Available for Bonds is junior and subordinate to the claim of the City's Outstanding Senior Lien Bonds. See “**SECURITY FOR THE BONDS.**”

LIMITED OBLIGATIONS

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION AS TO INDEBTEDNESS. THE BONDS DO NOT HAVE A CLAIM FOR PAYMENT FROM ANY TAXES OF THE CITY. THE BONDS ARE NOT SECURED BY A LIEN ON OR A SECURITY INTEREST IN THE PHYSICAL ASSETS OF THE SEWER SYSTEM. THE CITY SHALL NOT BE OBLIGATED TO PAY THE BONDS EXCEPT FROM THE SECOND LIEN BOND REVENUES PLEDGED TO THEIR PAYMENT.

OPTIONAL REDEMPTION

The Bonds are subject to optional redemption prior to maturity as described herein under “**DESCRIPTION OF THE BONDS—Redemption.**” The Bonds are not subject to mandatory sinking fund redemption.

BOND INSURANCE

The scheduled payment of principal of and interest on the Bonds maturing on January 1 of the years 2030 through 2039, inclusive (the “*Insured Bonds*”), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by Build America Mutual Assurance Company (“*BAM*”).

**PURPOSES**

The City will use the proceeds from the sale of the Bonds to (i) refund certain Outstanding Second Lien Wastewater Transmission Revenue Bonds of the City, (ii) pay costs of issuance of the Bonds and (iii) pay the premium for the Policy issued by BAM. See “**PLAN OF FINANCE.**”

DENOMINATIONS

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

INTEREST PAYMENT DATES

On each January 1 and July 1, commencing July 1, 2025.

PRINCIPAL PAYMENT DATES

On each January 1, as shown on the inside cover page.

BOOK-ENTRY ONLY FORM

The 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 “**DESCRIPTION OF THE BONDS— Book-Entry-Only Form**”

CLOSING/SETTLEMENT

On or about December 4, 2024.

CERTAIN LEGAL MATTERS

The Bonds are offered when, as and if issued, and accepted by the Underwriters, subject to delivery of separate approving legal opinions by ArentFox Schiff LLP, Chicago, Illinois, and Zuber Lawler LLP, Chicago, Illinois, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by (i) its Corporation Counsel, and (ii) in connection with the preparation of this Official Statement, Charity & Associates, P.C., Chicago, Illinois, and BurgherGray LLP, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Croke Fairchild Duarte & Beres LLC, Chicago, Illinois. See “**CERTAIN LEGAL MATTERS.**”

Cabrera Capital Markets LLC**PNC Capital Markets LLC****Loop Capital Markets****North South Capital****Rice Financial Products Company****San Blas Securities**

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

\$138,260,000

Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024B

Maturity (January 1)	Principal Amount (\$)	Interest Rate	Yield	Price	CUSIP[†] Number
2026	\$6,575,000	5.000%	3.020%	102.076	167727J98
2027	1,145,000	5.000	2.880	104.238	167727K21
2028	5,605,000	5.000	2.860	106.254	167727K39
2030	7,850,000	5.000	2.960	109.545	167727K47
2031	11,825,000	5.000	3.040	110.795	167727K54
2032	12,445,000	5.000	3.130	111.783	167727K62
2033	13,120,000	5.000	3.190	112.793	167727K70
2034	13,815,000	5.000	3.270	113.487	167727K88
2035	14,560,000	5.000	3.360 ^C	112.734	167727K96
2036	15,330,000	5.000	3.430 ^C	112.152	167727L20
2037	11,385,000	5.000	3.460 ^C	111.903	167727L38
2038	11,985,000	5.000	3.550 ^C	111.162	167727L46
2039	12,620,000	5.000	3.610 ^C	110.672	167727L53

C- Yield calculated to the January 1, 2034 optional redemption date.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Bonds. Neither the City nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 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 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

CHIEF FINANCIAL OFFICER

Jill A. Jaworski

CITY COMPTROLLER

Chasse Rehwinkel

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CO-FINANCIAL ADVISORS

Acacia Financial Group, Inc.
Chicago, Illinois

RSI Group LLC
Chicago, Illinois

Certain information contained in, or incorporated by reference in, this Official Statement has been obtained by the City of Chicago (the “City”) from The Depository Trust Company and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriters or the City. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date. Investors must read the entire Official Statement to obtain information essential to the making of an informed 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 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 Bonds.

This Official Statement, including the Appendices, contains certain opinions, estimates and forward-looking statements and information that are based on the City’s beliefs as well as assumptions made by and information currently available to the City. Such opinions, estimates, projections 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. Neither the City nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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 and forward-looking statements contained herein. The City’s independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, including any estimates, 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.

References to web site 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 web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Official Statement is deemed final by the City for the purposes of paragraph (b)(1) of Rule 15c2-12 (the “Rule”) under the Securities Exchange Act of 1934, amended (except for certain information permitted to be omitted under the Rule).

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAS MADE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAS PASSED UPON THE MERITS OF THE BONDS.

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APPENDIX E — PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

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OFFICIAL STATEMENT
\$138,260,000
CITY OF CHICAGO
Second Lien Wastewater Transmission
Revenue Bonds, Refunding Series 2024B

INTRODUCTION

This Official Statement, including the cover page, inside cover pages, and the Appendices, sets forth certain information in connection with the sale of \$138,260,000 Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024B (the “Bonds”), of the City of Chicago (the “City”), which are to be issued pursuant to the Bond Ordinance (defined herein). All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings provided in APPENDIX A—“GLOSSARY OF CERTAIN TERMS.” Certain information regarding the Bonds appears on the cover and in this Introduction section for ease of reference. Any prospective investor should read this Official Statement in its entirety before making an investment decision.

Purposes

The proceeds from the sale of the Bonds will be used to (i) refund certain Outstanding Second Lien Wastewater Transmission Revenue Bonds of the City, (ii) pay costs of issuance of the Bonds and (iii) pay the premium for a municipal bond insurance policy (the “Policy”) issued by Build America Mutual Assurance Company (“BAM”) insuring the scheduled payment of principal of and interest on the Bonds maturing on January 1 of the years 2030 through 2039, inclusive (the “Insured Bonds”). See “PLAN OF FINANCE.”

Authorization

The Bonds are being issued pursuant to the constitutional home rule powers of the City. The Bonds were authorized under an ordinance adopted by the City Council on October 9, 2024 (the “Bond Ordinance”). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of May 1, 2023, as supplemented by a Second Supplemental Indenture dated as of April 1, 2024 (relating to certain technical corrections) (the “*Master Indenture*”), as supplemented by a Fourth Supplemental Indenture dated as of December 1, 2024 (relating to the issuance of the Bonds) (together with the Master Indenture, the “Indenture”) from the City to Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the “*Trustee*”).

Security for the Bonds

The Bonds are limited obligations of the City having a claim for payment of principal and interest solely from the Second Lien Bond Revenues derived by the City from its ownership and operation of the Sewer System, all on an equal and ratable basis with any other Second Lien Bonds, including those that were issued prior to the effectuation of the Indenture and remain outstanding. The Bonds do not have a claim for payment from any taxes of the City. The Bonds are secured by and payable from certain moneys and securities held by the Trustee under the Indenture. The Bonds, together with any other Second Lien Bonds, are also secured by and payable from any amounts on deposit in the Second Lien Construction Accounts. The claim of the Bonds to the Net Revenues Available for Bonds is junior and subordinate to the claim of the City’s Senior Lien Bonds. See “SECURITY FOR THE BONDS — General” and “— Flow of Funds,” “SEWER SYSTEM ANNUAL DEBT SERVICE” and APPENDIX B — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Source of Payment; Pledge of Second Lien Bond Revenues.”

THE BONDS ARE NOT SECURED BY A LIEN ON OR SECURITY INTEREST IN THE PHYSICAL ASSETS OF THE SEWER SYSTEM. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OR A LOAN OF ITS CREDIT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION AS TO INDEBTEDNESS, AND NEITHER THE FULL FAITH AND CREDIT NOR TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION OF THE STATE OF ILLINOIS IS PLEDGED TO THE PAYMENT OF THE BONDS.

Bond Insurance

Concurrently with the issuance of the Bonds maturing on January 1 of the years 2030 through 2039, inclusive (the “Insured Bonds”), BAM will issue the Policy for the Insured Bonds. The Policy guarantees scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement. For additional information on BAM and the Policy, see “BOND INSURANCE” and APPENDIX H — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Redemption

The Bonds are subject to redemption prior to maturity as described under the caption “DESCRIPTION OF THE BONDS – Redemption.”

Rate Covenant

As more specifically described in the Indenture, the City covenants that it will establish, maintain and collect at all times fees, charges and rates for the use and service of the Sewer System sufficient at all times to

(a) pay Operation and Maintenance Costs,

(b) for Senior Lien Bonds, produce Net Revenues Available for Bonds sufficient in each Fiscal Year at least equal to one hundred fifteen percent (115%) of the sum required to pay promptly when due the Bond Debt Service Requirement for the Fiscal Year on all Senior Lien Bonds then Outstanding, and to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and interest on all Senior Lien Bonds then Outstanding from time to time and to establish and maintain the Bond Principal and Interest Account and the Bond Debt Service Reserve Account as may be covenanted in ordinances authorizing the issuance of Senior Lien Bonds, and

(c) for Second Lien Bonds, produce Second Lien Bond Revenues sufficient in each Fiscal Year at least be equal to one hundred ten percent (110%) of the sum required to pay promptly when due the Second Lien Bonds Debt Service Requirement for the Fiscal Year on Second Lien Bonds, and to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and interest on all Second Lien Bonds then Outstanding from time to time.

The amount of Net Revenues Available for Bonds that exceeds one hundred percent (100%) of the sum required to pay promptly when due the Bond Debt Service Requirement for any Fiscal Year on all Senior Lien Bonds Outstanding may be included in determining compliance with the requirements of clauses (b) and (c) above for such Fiscal Year.

The foregoing covenants are collectively referred to herein as the “Rate Covenant.” See “SECURITY FOR THE BONDS — Rate Covenant,” “FINANCIAL OPERATIONS — Annual Budget Review and Implementation of Annual Budget”, and APPENDIX B — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Second Lien Parity Bonds.”

The City will, prior to the end of each Fiscal Year, conduct a review to determine if it has been and will be in compliance with the Rate Covenant. Whenever the annual review indicates that projected Gross Revenues will not be sufficient to comply with the Rate Covenant, the City shall prepare or will have prepared a rate study for the Sewer System identifying the rate changes necessary to comply with the Rate Covenant and the Office of Budget and Management of the City and the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant.

City of Chicago Sewer System

The City’s wastewater transmission system (the “Sewer System”) consists of approximately 4,400 miles of sewer mains, more than 350,000 sewer structures, and a service area of roughly 230 square miles inhabited by approximately 2.67 million people. The City’s Department of Water Management (the “Department”) does not operate any sewage treatment facilities. The Sewer System collects and transmits wastewater to the interceptors and treatment facilities of an independent governmental body, the Metropolitan Water Reclamation District of Greater Chicago (the “Water Reclamation District”). See “DEPARTMENT OF WATER MANAGEMENT” and “SEWER SYSTEM.”

Sewer System Rates

The City Council has authority to make adjustments to sewer service rates. No regulation by any federal, state or City administrative agency applies to the Sewer System rates. Under certain conditions, the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant. See “SECURITY FOR THE BONDS – Rate Covenant.”

The Sewer System rates for all accounts located within the City are a percentage of the Water System rates. Metered water rates are based on a dollar rate per thousand cubic feet. The assessment of non-metered users is based on a formula related to the size of the relevant property and other use-related factors. Because the Sewer System rates are calculated as a percentage of the Water System rates, Sewer System rates also increase when Water System rates increase. Annual Water System rates are required to be increased, pursuant to the Municipal Code, by applying to the previous year’s rates the rate of inflation, calculated based on the Consumer Price Index – Urban Wage Earners and Clerical Workers (Chicago All Items) published by the United States Bureau of Labor Statistics for the 365-day period ending on the most recent January 1 up to a maximum increase of 5%. Such increases do not require further action by the City Council, but the City Council may take action at any time to alter the then-current schedule of Water System rates. Under certain conditions, the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant. See “FINANCIAL OPERATIONS – Sewer Service Rates.”

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PLAN OF FINANCE

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses from the sale of the Bonds:

Source of Funds	
Principal Amount of Bonds	\$138,260,000.00
Original Issue Premium	15,326,115.70
Cash Contribution	<u>3,807,500.00</u>
Total Sources of Funds	<u>\$157,393,615.70</u>
Use of Funds	
Deposit for Refunding	\$155,571,117.00
Costs of Issuance (including Underwriters' discount and bond insurance premium)...	<u>1,822,498.70</u>
Total Uses of Funds	<u>\$157,393,615.70</u>

Refunding of Refunded Bonds

The proceeds from the sale of the Bonds will be used to (i) refund certain Outstanding Series 2008C Second Lien Bonds (the "Refunded Bonds"), (ii) pay costs of issuance of the Bonds and (iii) pay the premium for the Policy issued by BAM insuring the Insured Bonds. See APPENDIX G – "THE REFUNDED BONDS."

In order to provide for the refunding of the Refunded Bonds, the City will use the net proceeds of the Bonds, together with other available funds, in such amounts sufficient to pay the principal of and accrued interest on the Refunded Bonds to and including the redemption date (which is anticipated to be no more than 90 days after the delivery date of the Bonds). The amounts described in the preceding sentence will be used to purchase Defeasance Obligations to be held in an escrow trust account (the "*Escrow Account*") established pursuant to an Escrow Agreement, by and between the City and Amalgamated Bank of Chicago, for the respective benefit of the holders of the Refunded Bonds. From and after the funding of the Escrow Account, the Refunded Bonds shall be deemed paid and the pledge, assignment and lien of the Indenture shall be discharged and satisfied with respect to such Refunded Bonds. Holders of the Bonds will have no claim to the Escrow Account.

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DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of their delivery and will bear interest from that date until paid, payable semiannually on each January 1 and July 1, commencing July 1, 2025. The Bonds will bear interest at the rates per year, and mature in the principal amounts on January 1 in each year, as set forth on the inside cover page of this Official Statement. Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Bonds are subject to redemption prior to maturity, as described below under the heading “—Redemption.”

Principal of and interest on the Bonds will be paid by the Trustee. If any payment on any Bond is due on a day other than a Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

The Bonds initially will be issued through a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). See APPENDIX C – “BOOK ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption.

The Bonds maturing on or after January 1, 2035 are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2034 (and if in part, in such principal amounts as the City shall determine and to be selected by lot in such manner as may be designated by the Trustee) at a redemption price equal to the outstanding principal amount of such Bond, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption.

The Bonds are not subject to mandatory sinking fund redemption prior to maturity.

General Redemption Procedures.

The Bonds may be called for redemption by the Trustee upon receipt by the Trustee at least 45 days prior to the redemption date (or such shorter period as shall be acceptable to the Trustee) of a written request of the City requesting such redemption.

Unless waived by any owner of Bonds to be redeemed, notice of the call for any optional redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 45 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee, but the failure to mail any such notice or any defect therein as to any Bond to be redeemed shall not affect the validity of the proceedings for the redemption of any other Bond to be redeemed. Any notice of redemption mailed as provided herein shall be conclusively presumed to have been given whether or not actually received by the addressee.

All notices of redemption shall specify, at a minimum: (i) the series name and designation and certificate numbers of Bonds being redeemed, (ii) the CUSIP numbers of the Bonds being redeemed, (iii) the principal amount of the Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the redemption price, (vi) the date of issuance of the Bonds being redeemed, (vii) the interest rate and maturity date of the Bonds being redeemed, (viii) the date of mailing of notices to Registered Owners and information services (if required), and (ix) the name of the employee of the Trustee who may be contacted with regard to such notice. With respect to an optional redemption of any 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 Bonds being redeemed. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Bonds, and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption is made conditional as provided above, on or prior to any redemption date for Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all Bonds or portions thereof which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date (unless the redemption has been canceled), become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the redemption price. 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 Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same interest rate and maturity in the amount of the unpaid principal. If any Bond, or portion thereof, called for redemption shall not be so paid upon surrender for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption.

Selection of Bonds for Redemption.

If fewer than all the Bonds of the same interest rate and maturity are to be redeemed, the aggregate principal amount thereof to be redeemed shall be in an Authorized Denomination, and the Trustee shall assign to each Bond of such interest rate and maturity a distinctive number for each minimum Authorized Denomination of such 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 Bonds to be redeemed. The 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 Bond shall be redeemed as shall equal such minimum Authorized Denomination for each number assigned to it and so selected. For purposes of any redemption of fewer than all of the outstanding Bonds of a single interest rate and maturity, the particular Bonds or portions thereof to be redeemed shall be selected not more than 60 days prior to the redemption date by the Trustee.

Bond Registration and Transfers

For a description of the procedure to transfer ownership of a Bond while in the book-entry only system, see “—Book-Entry Only System” below. Subject to the limitations described below, the Bonds are transferable upon surrender thereof at the Principal 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 Bondholder or such Bondholder’s authorized agent duly authorized in writing. Any Bond, upon surrender of such Bond at the Principal Office of the Trustee together with an assignment executed by the Bondholder or its duly authorized agent, may, at the option of the Bondholder, be exchanged for an equal aggregate principal amount of Bonds of any Authorized Denomination bearing interest at the same interest rate and maturity as the Bond being surrendered. The Trustee may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

Book-Entry Only Form

A full description of the Book-Entry Only Form and of DTC is contained in APPENDIX C – “BOOK-ENTRY ONLY SYSTEM.”

DTC will act as securities depository for the Bonds. The 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 each Series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

Details of payments of the Bonds when in the book-entry form and the book-entry only system are described in APPENDIX C – "BOOK-ENTRY ONLY SYSTEM". Except as described in APPENDIX C, beneficial owners of the Bonds will not receive or have the right to receive physical delivery of Bonds and will not be or be considered to be the Owners thereof. Accordingly, each beneficial owner must rely upon (i) the procedures of DTC and, if such beneficial owner is not a "DTC Participant" (as defined below), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal of and interest on the Bonds, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Participant, to evidence its beneficial ownership of the Bonds. So long as DTC or its nominee is the registered Owner of the Bonds, references herein to Bondholders or Owners of such Bonds mean DTC or its nominee and do not mean the beneficial owners of such Bonds. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM".

DTC may discontinue providing its services as securities depository with respect to the 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 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 Bonds will be printed and delivered to DTC.

General Provisions of the Bonds When Not in Book-Entry Only System

The Owners of the Bonds have no right to the appointment or retention of a securities depository for the Bonds. If (i) the City determines, or (ii) the City receives notice that the securities depository has received notice from its Participants having interests in at least 50 percent in principal amount of the Bonds of a given series, that the securities depository or its successor is incapable of discharging its responsibilities as a securities depository, or that it is in the best interests of the beneficial owners that they obtain certificated Bonds, the City may (or, in the case of clause (ii) above, the City shall) cause the Trustee to authenticate and deliver Bond certificates for such series. The City shall have no obligation to make any determination described in this paragraph.

If, following a determination or event specified in the preceding paragraph, the City discontinues the maintenance of the Bonds in book-entry form with the then-current securities depository, the City will issue replacement Bonds to the replacement securities depository, if any, or, if no replacement securities depository is selected for the Bonds, directly to the Participants as shown on the records of the former securities depository or, to the extent requested by any Participant, to the beneficial owners of the Bonds shown on the records of such Participant. The City and the Trustee may conclusively rely upon (i) a certificate of the securities depository as to the identity of the participants in the book-entry system and (ii) a certificate of such participants as to the identity of, and the respective principal amounts of Bonds beneficially owned by, the beneficial owners. Replacement Bonds shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check mailed to each Owner at the address of such Owner as it appears on the Bond Register or at the option of any Owner of not less than \$1,000,000 principal amount of Bonds, by wire transfer to any address in the United States of America on such Interest Payment Date to such Owner as of such Record Date, if such Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and premium, if any, on the replacement Bonds, are payable only upon presentation and surrender of such replacement Bond or Bonds at the designated corporate trust office of the Trustee.

SECURITY FOR THE BONDS

General

As described below, the Bonds, together with the Outstanding Second Lien Bonds, including those issued and outstanding prior to the effective date of the Indenture and any Second Lien Parity Bonds issued from time to time in the future (which are expected to be issued under the Indenture), are secured by a pledge of Second Lien Bond Revenues that are derived from the Net Revenues Available for Bonds (as defined below) in the City's Sewer Revenue Fund, which claim is junior and subordinate to the claim of the Outstanding Senior Lien Bonds and any Senior Lien Parity Bonds. See "Flow of Funds —4. The Second Lien Bonds Account," below. In the Indenture, other than the Outstanding Senior Lien Bonds, the City covenants and agrees not to issue any additional Senior Lien Parity Bonds (other than solely for refunding purposes).

"Net Revenues Available for Bonds" means that portion of the Net Revenues remaining in any period, minus any amounts deposited during that period in the Sewer Rate Stabilization Account plus the amounts allocated from the Sewer Rate Stabilization Account as provided in the Indenture plus the amounts allocated from the Residual Account at the direction of the Chief Financial Officer as provided in the Indenture. "Net Revenues" means that portion of the Gross Revenues remaining in any period after providing sufficient funds for Operation and Maintenance Costs. The terms "Gross Revenues" and "Operation and Maintenance Costs" have the meanings set forth in APPENDIX A—"GLOSSARY OF CERTAIN TERMS."

The Bonds are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations as to indebtedness. The Bonds have no claim to be paid from taxes of the City.

Pledge of Second Lien Bond Revenues

The Bonds are payable on a parity basis as to Second Lien Bond Revenues with all other Outstanding Second Lien Bonds, including those issued and outstanding prior to the effective date of the Indenture and any Second Lien Parity Bonds issued from time to time in the future (which are expected to be issued under the Indenture). Second Lien Bond Revenues consist of all Net Revenues Available for Bonds deposited into the Second Lien Bonds Account pursuant to the Bond Ordinance and the ordinances authorizing each prior series of Outstanding Second Lien Bonds and each series of Outstanding Second Lien Parity Bonds. On the Business Day immediately preceding each January 1 and July 1, the Authorized Officer is required to transfer to the Trustee for deposit into the Second Lien Bonds Account the amounts required by the Indenture and any ordinance authorizing the issuance of Second Lien Bonds. Pursuant to the Indenture and the prior respective indentures governing Second Lien Bonds issued prior to the effective date of the Indenture, such Second Lien Bond Revenues are pledged to the payment of the principal of and interest on the Bonds and all other Outstanding Second Lien Bonds, without priority or distinction of one series of Second Lien Bonds over any other series of Second Lien Bonds. See "Flow of Funds —4. The Second Lien Bonds Account," below.

Pledge of Amounts in Second Lien Construction Accounts

The Bonds, together with any other Outstanding Second Lien Bonds, are also secured by and payable from any amounts on deposit in the Second Lien Construction Accounts.

Flow of Funds

The City maintains the Sewer Revenue Fund as a separate fund of the City to, among other things, carry out the provisions of the ordinances authorizing the Senior Lien Bonds, the Second Lien Bonds, any Subordinate Lien Obligations, any Commercial Paper Notes or any Line of Credit Notes. All Gross Revenues of the Sewer System are credited as they are collected to the Sewer Revenue Fund, which is held by a depository bank which

is currently not the depository for the City's General Fund. The Sewer Revenue Fund is separate, distinct and segregated from the City's General Fund and is not encumbered by any liens, claims, security interests or obligations of the City relating to its General Fund. Net Revenues Available for Bonds are required by ordinance to be deposited in the following accounts in the following order of priority:

1. The Bond Principal and Interest Account is used to pay principal of, redemption premium, if any, and interest on the Outstanding Senior Lien Bonds and amounts owed on Interest Rate Hedge Agreements for Outstanding Senior Lien Bonds. At least 10 days before each date that debt service payments are due with respect to Senior Lien Bonds, sufficient amounts to make such payments shall be deposited into this Account.

2. The Bond Debt Service Reserve Account is used to pay principal of, redemption premium, if any, and interest on the Outstanding Senior Lien Bonds as the same become due at any time when there are insufficient funds available for such purpose in the Bond Principal and Interest Account (after any available amounts in the Sewer Rate Stabilization Account and the Residual Account have first been applied to that purpose, excluding amounts in excess of the Bond Debt Service Reserve Requirement for Outstanding Senior Lien Bonds), except to the extent required to be credited to the Senior Lien Rebate Account.

3. The Senior Lien Rebate Account is used to make required rebates of arbitrage to the United States with respect to any Senior Lien Bonds.

4. The Second Lien Bonds Account is used to pay the principal of and interest on the Bonds and any other Outstanding Second Lien Bonds. The City also is required to make deposits in the Second Lien Bonds Account to meet other payment obligations under the Indenture and any ordinance or indenture authorizing Outstanding Second Lien Bonds. The City will make debt service and other deposits as required by the Indenture and by any ordinance or indenture authorizing Outstanding Second Lien Bonds. Moneys deposited in the Second Lien Bonds Account shall be transferred by the Authorized Officer on the date so deposited to the Trustee and the trustee or paying agent for each series of Second Lien Bonds in order to satisfy the debt service and other payment obligations, including with respect to Interest Rate Hedge Agreements, under the Indenture and any ordinance or indenture authorizing such Outstanding Second Lien Bonds. Moneys on deposit in the Second Lien Bonds Account shall be applied without priority as to any particular series of Outstanding Second Lien Bonds.

The City has established Debt Service Reserve Accounts for certain Series of Outstanding Second Lien Bonds. Each Debt Service Reserve Account secures only the Series of Outstanding Second Lien Bonds for which it was established. The Second Lien Bonds Debt Service Reserve Requirement for certain Series of Outstanding Second Lien Bonds is or will be met by separate municipal bond debt service reserve fund policies and by cash deposits.

5. The Second Lien Bonds Debt Service Reserve Account is used to pay principal of, redemption premium, if any, and interest on the Outstanding Second Lien Bonds as the same become due at any time when there are insufficient funds available for such purpose in the Second Lien Bonds Account (after any available amounts in the Sewer Rate Stabilization Account and the Residual Account have first been applied to that purpose, excluding amounts in excess of the Second Lien Bonds Debt Service Reserve Requirement for Outstanding Second Lien Bonds), except to the extent required to be credited to the Second Lien Rebate Account. The Second Lien Bonds Debt Service Reserve Requirement for the Bonds is \$0.00.

6. The Second Lien Rebate Account is used to make required rebates of arbitrage to the United States with respect to any Second Lien Bonds.

7. **The Subordinate Lien Obligations Account** is used to make debt service payments and other required deposits with respect to any outstanding Subordinate Lien Obligations. As of the date of this Official Statement, the only Subordinate Lien Obligations outstanding are certain loans to the City made by the Illinois Environmental Protection Agency (“IEPA”). See “SEWER SYSTEM ANNUAL DEBT SERVICE–Subordinate Lien Obligations.” The City is obligated to make required debt service and other deposits in the Subordinate Lien Obligations Account on the Business Day immediately preceding each January 1 and July 1. Moneys on deposit in the Subordinate Lien Obligations Account shall be applied without priority to any subaccounts established in the Subordinate Lien Obligations Account, as directed by a certificate of the Authorized Officer.

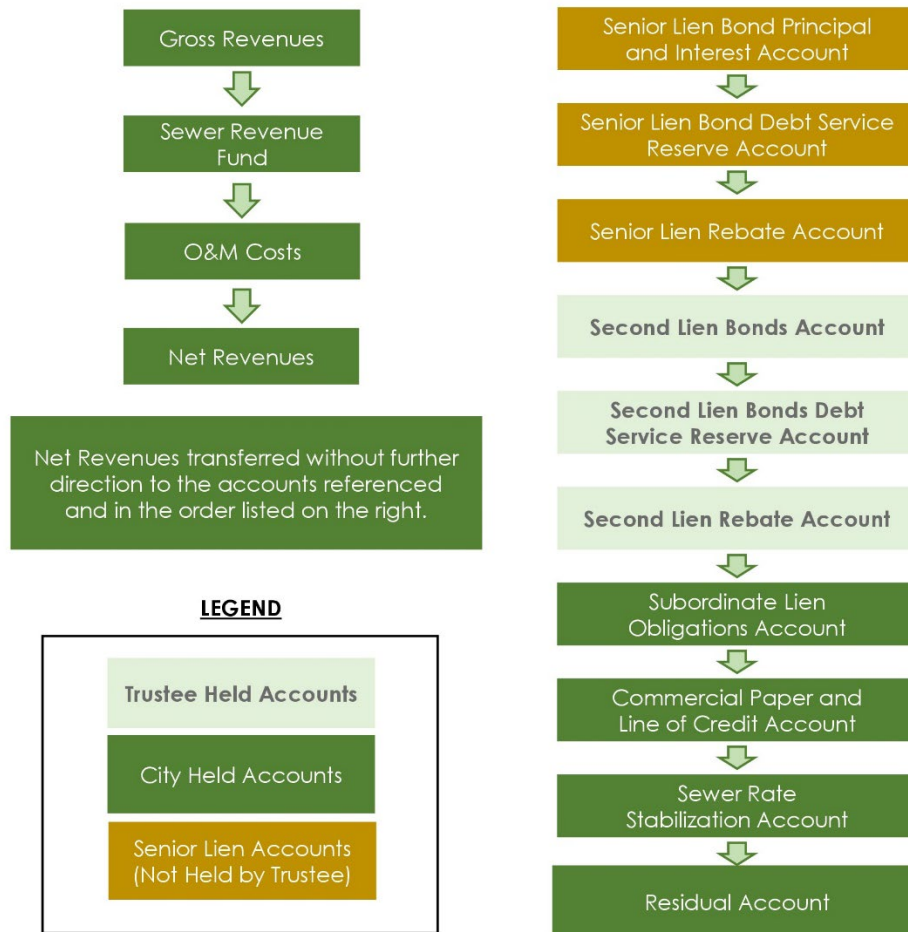
8. **The Commercial Paper and Line of Credit Account** is used for the purpose of paying such amounts as may be required to be paid by the related trust indentures governing Commercial Paper Notes, and for the purpose of paying such amounts as may be required to be paid by the related line of credit agreement governing such Line of Credit Notes.

9. **The Sewer Rate Stabilization Account** is funded by transfers from the Sewer Revenue Fund from Net Revenues and deposited to the credit of the Sewer Rate Stabilization Account the amounts as shall be required for the balance in the Sewer Rate Stabilization Account to equal at least ninety (90) Days’ Cash On Hand as of January 1 of each year. The Sewer Rate Stabilization Account is used at the City’s discretion, in any year, to pay any expenses of or obligations of the Sewer System, including, without limitation, Operation and Maintenance Costs, deposits in the Bond Principal and Interest Account, deposits in the Bond Debt Service Reserve Account, deposits when due in the Second Lien Bonds Account (but only if and to the extent no amounts are required to be deposited in the Bond Principal and Interest Account and the Bond Debt Service Reserve Account), deposits when due in the Subordinate Lien Obligations Account (but only if and to the extent no amounts are required to be deposited in the Bond Principal and Interest Account, the Bond Debt Service Reserve Account or the Second Lien Bonds Account), deposits when due in the Commercial Paper and Line of Credit Account (but only if and to the extent no amounts are required to be deposited in the Bond Principal and Interest Account, the Bond Debt Service Reserve Account, the Second Lien Bonds Account, or the Subordinate Lien Obligations Account), the costs of any Interest Rate Hedge Agreements or other similar arrangement or any costs of repairs, replacements, renewals, improvements, equipment or extensions to the Sewer System. The Sewer Rate Stabilization Account must be used to make all required deposits to the Bond Principal and Interest Account and the Bond Debt Service Reserve Account when no other funds are available for that purpose. Any Net Revenues remaining in any period and not required to be deposited in the Bond Principal and Interest Account, the Bond Debt Service Reserve Account, any Senior Lien Rebate Account, the Second Lien Bonds Account, the Subordinate Lien Obligations Account, or the Commercial Paper and Line of Credit Account may be transferred to the Sewer Rate Stabilization Account at any time upon the direction of the Authorized Officer. The Sewer Rate Stabilization Account shall be maintained in a separate bank account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. For more information concerning the Sewer Rate Stabilization Account, see “FINANCIAL OPERATIONS — Historical and Projected Operations.”

10. **The Residual Account** is funded by transfers from the Sewer Revenue Fund from Net Revenues Available for Bonds and deposited to the credit of the Residual Account such amounts as are not otherwise required for the purposes specified in paragraphs (1) through (9) above or as required by the Indenture. The Residual Account shall be maintained in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. In any year the City may withdraw any amounts from the Residual Account and use those amounts for (i) paying any expenses or obligations of the Sewer System, including, without limitation, any Operation and Maintenance Costs, (ii) making deposits when due in the accounts described under Flow of Funds (but only if and to the extent no amounts are required to be deposited in an account with a higher priority in the Flow of Funds), (iii) any cost of repairs, replacements, renewals, improvements, equipment or extensions to the Sewer System or (iv)) any other

cost or expense relating to the Sewer System or the financing or refinancing of the Sewer System. The Chief Financial Officer may allocate from the Residual Account to Net Revenues Available for Bonds, the amount determined by the Chief Financial Officer to be allocated for such purpose.

The following chart demonstrates the flow of funds from the Sewer Revenue Fund as described above.



Any funds available in the Sewer Revenue Fund after the requirements above have been satisfied or which are not necessary to satisfy such requirements may be used for any lawful purpose of the Sewer System.

The Series 2010B Second Lien Bonds are qualified “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”), which allows the City to receive Federal Subsidies from the United States Treasury in connection with such bonds. As provided in the Indenture, Gross Revenues exclude Federal Subsidies unless the Chief Financial Officer designates such Federal Subsidies as amounts to be deposited into the Sewer Revenue Fund and subject to the lien of the Indenture. The City may designate the Federal Subsidies associated with the Series 2010B Second Lien Bonds to be deposited into the Sewer Revenue Fund and subject to the lien of the Indenture and provides certain projections herein assuming such designation. However, such designation has not been made and there is no assurance that such designation will be made in the future. Accordingly, unless or until such Federal Subsidies are designated to be deposited into the Sewer Revenue Fund and subject to the lien of the Indenture, such Federal Subsidies do not constitute security for, and are not available for payment of, the Bonds or any other Second Lien Bonds, nor any Senior Lien Bonds, Subordinate Lien Obligations, or Short Term Obligations.

Payment of Debt Service on the Bonds

The Indenture establishes the 2024 Second Lien Bonds Revenue Fund to be held and administered by the Trustee. Under the Indenture, the Authorized Officer is required on the Business Day preceding each January 1 and July 1 to transfer to the Trustee for deposit in the 2024 Second Lien Bonds Revenue Fund the amounts required to be deposited in such 2024 Second Lien Bonds Revenue Fund from amounts on deposit in the Second Lien Bonds Account. The Indenture establishes a 2024B Principal and Interest Account within the 2024 Second Lien Bonds Revenue Fund. Moneys on deposit in the 2024B Principal and Interest Account will be held by the Trustee for the sole and exclusive benefit of the Bonds and used for the purpose of paying the principal of and interest on such Bonds as it becomes due.

Rate Covenant

In the Indenture, the City covenants that it will establish, maintain and collect at all times fees, charges and rates for the use and service of the Sewer System sufficient at all times to

(a) pay Operation and Maintenance Costs,

(b) produce Net Revenues Available for Bonds sufficient to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and interest on all Senior Lien Bonds then Outstanding from time to time and to establish and maintain the Bond Principal and Interest Account and the Bond Debt Service Reserve Account as may be covenanted in ordinances authorizing the issuance of Senior Lien Bonds, which Net Revenues Available for Bonds shall in each Fiscal Year at least equal to one hundred fifteen percent of the sum required to pay promptly when due the Bond Debt Service Requirement for the Fiscal Year on all Senior Lien Bonds then Outstanding, and

(c) produce Second Lien Bond Revenues sufficient to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and interest on all Second Lien Bonds then Outstanding from time to time, which Second Lien Bond Revenues shall in each Fiscal Year at least be equal to one hundred ten percent of the sum required to pay promptly when due the Second Lien Bonds Debt Service Requirement for the Fiscal Year on Second Lien Bonds.

The amount of Net Revenues Available for Bonds that exceeds one hundred percent of the sum required to pay promptly when due the Bond Debt Service Requirement for any Fiscal Year on all Senior Lien Bonds Outstanding may be included in determining compliance with the requirements of clauses (b) and (c) of the preceding sentence for such Fiscal Year. The foregoing covenants are collectively referred to herein and heretofore defined as the "Rate Covenant."

The City will, prior to the end of each Fiscal Year, conduct a review to determine if it has been and will be in compliance with the Rate Covenant. Whenever the annual review indicates that projected Gross Revenues will not be sufficient to comply with the Rate Covenant, the City shall prepare or have prepared a rate study for the Sewer System identifying the rate changes necessary to comply with the Rate Covenant and the Office of Budget and Management of the City and the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant.

Additional Bonds

Additional Second Lien Parity Bonds may be issued, as provided in the Indenture, for any lawful purpose of the Sewer System, including to refund Outstanding Senior Lien Bonds, Second Lien Bonds, Subordinate Lien Obligations, Commercial Paper Notes, or Line of Credit Notes, in each case upon compliance with certain conditions set forth in the Indenture. See APPENDIX B — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Second Lien Parity Bonds.” In the Indenture, other than the Outstanding Senior Lien Bonds, the City covenants and agrees not to issue any additional Senior Lien Parity Bonds (other than solely for refunding purposes).

Additional Information

For an additional description of the requirements that must be satisfied for the City to issue Second Lien Parity Bonds and other terms of the Indenture, see APPENDIX B — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Deficiencies and Excesses

In the event of a deficiency on any Interest Payment Date in the Bond Principal and Interest Account, the Bond Debt Service Reserve Account, any Senior Lien Rebate Account, the Second Lien Bonds Account, the Second Lien Bonds Debt Service Reserve Account, the Second Lien Rebate Account, the Subordinate Lien Obligations Account or the Commercial Paper and Line of Credit Account, the City shall transfer an amount from the Residual Account in the amount of such deficiency for deposit into the related deficient account. In addition, the amount of any deficiency shall be included in the amount to be transferred from the Sewer Revenue Fund and deposited into such account during the next 12-month period or succeeding Fiscal Year, as required by the Indenture.

Cash and Investments

Any cash or investments in the Bond Debt Service Reserve Account and Senior Lien Rebate Account shall be held pursuant to depository agreements in separate bank accounts and in separately identifiable investments as described below under the heading “—Investment of Funds.” The remainder of all amounts in the Sewer Revenue Fund, including amounts for payment of debt service on the Bonds and any Senior Lien Parity Bonds and Second Lien Parity Bonds prior to their deposit in the Bond Principal and Interest Account or the Second Lien Bonds Account, is deposited in segregated bank accounts. Since 2019, the City has maintained all cash and investments of the Sewer Fund in separate bank accounts from the City’s general accounts, including those of the Corporate Fund of the City. Gross Revenues of the Sewer System are deposited directly in the segregated accounts after they are allocated from the Unified Bill (as defined in Financial Operations, Collections and Delinquencies). As part of the Financial Policies, the City intends to continue maintaining all cash and investment of the Sewer Fund in segregated bank accounts.

The investment of City funds is governed by the City’s Municipal Code, which provides that neither the City Comptroller nor the City Treasurer has the authority, without City Council approval, to “... (i) invest in arrangements whose returns are linked to or derived from the performance of some underlying asset such as bonds, currencies or commodities or (ii) borrow against or otherwise obligate City investments for the purpose of investment.” See APPENDIX D—“CITY OF CHICAGO, ILLINOIS SEWER FUND BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023, AND INDEPENDENT AUDITORS’ REPORT—Notes (1) and (2).” In the Bond Ordinance, the City Council granted such approval in connection with the plan of financing for the Bonds. In accordance with the requirements of the Public Funds Investment Act enacted by the State, the City Council has authorized the City Treasurer to adopt a Statement of Investment Policy and Guidelines for the purpose of establishing written cash management and investment guidelines to be followed by the Office of the City Treasurer in the investment of City funds in accordance with the Municipal Code.

Investment of Funds

Funds in the Accounts established under the Indenture and part of the Sewer Revenue Fund as described above under the heading “Flow of Funds”, are required to be invested in Permitted Investments upon the direction of the Authorized Officer. All amounts in the Bond Debt Service Reserve Account and each Senior Lien Rebate Account must be invested in Permitted Investments that are held separate and distinct from those of any other Funds or Accounts. Investments must be scheduled to mature before needed for the respective purposes of each of such accounts. All Investment Earnings on any such accounts so invested are credited to the Sewer Revenue Fund and are considered Gross Revenues; provided, however, that earnings on the investment of amounts on deposit in the Senior Lien Rebate Accounts shall not be Investment Earnings, shall not be considered Gross Revenues, and will be retained in the respective Senior Lien Rebate Accounts, except to the extent no longer required for rebate purposes.

RATINGS

The Bonds are rated “A+” (Stable Outlook) by Fitch Rating, “AA-” (Stable Outlook) by Kroll Bond Rating Agency (“KBRA”) and “A+” (Stable Outlook) by S&P Global Ratings (“S&P”). The Insured Bonds have also been assigned a rating of “AA” (Stable Outlook) by S&P based upon the issuance of the Policy by BAM. The City did not request a rating from any other rating service for the Bonds. Any explanation of the significance of such ratings may be obtained only from the respective Rating Agencies. Certain information and materials concerning the Bonds, the City and the Sewer System were furnished to the Rating Agencies by the City and others. There is no assurance that any of the ratings will be maintained for any given period of time or that any of them may not be raised, lowered or withdrawn entirely by the respective Rating Agency, if, in its judgment, circumstances so warrant. Any change in or withdrawal of any rating may have an adverse effect on the price at which the Bonds may be resold. Except as may be required by the Undertaking described under the heading “SECONDARY MARKET DISCLOSURE,” neither the City nor the Underwriters undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds maturing on January 1 of the years 2030 through 2039, inclusive, with the CUSIP numbers shown on the inside cover page (collectively, the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.6 million, \$246.3 million and \$256.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit

Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Insured Bonds, and the issuer and underwriter assume no responsibility for their content. BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise.

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SEWER SYSTEM DEBT

The following table reflects the Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds after giving effect to the issuance of the Bonds and the refunding of the Refunded Bonds. The outstanding indebtedness of the Sewer System consists of \$16.4 million aggregate principal amount of Outstanding Senior Lien Bonds and, after giving effect to the issuance of the Bonds and the refunding of the Refunded Bonds, approximately \$1.52 billion aggregate principal amount of Outstanding Second Lien Bonds. The City has covenanted in the Indenture that it will not issue additional Senior Lien Bonds (other than for refunding purposes), which covenant will continue to remain effective once there are no longer any Senior Lien Bonds outstanding.

<u>Series</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u> ¹	<u>Principal Amount Outstanding</u> ²
<u>Senior Lien</u>			
1998A	1/1/2028	<u>\$16,401,899</u>	<u>\$16,401,899</u>
Subtotal		\$16,401,899	\$16,401,899
<u>Second Lien</u>			
2001	1/1/2030	\$36,765,000	\$36,765,000
2008C	1/1/2025	178,135,000	25,835,000
2010B (Taxable)	1/1/2040	250,000,000	250,000,000
2015 (Taxable)	1/1/2039	69,260,000	69,260,000
2017A	1/1/2052	168,135,000	168,135,000
2017B	1/1/2038	153,340,000	153,340,000
2023A	1/1/2062	260,105,000	260,105,000
2023B	1/1/2039	192,470,000	192,470,000
2024A	1/1/2044	227,925,000	227,925,000
2024B	<u>1/1/2039</u>	<u>-</u>	<u>138,260,000</u>
Subtotal		\$1,536,135,000	\$1,522,095,000
Total		<u>\$1,552,536,899</u>	<u>\$1,538,496,899</u>

1. Prior to the issuance of the Bonds and the refunding of the Refunded Bonds.
2. After the issuance of the Bonds and the refunding of the Refunded Bonds.

SEWER SYSTEM ANNUAL DEBT SERVICE

The debt service of the Senior Lien Bonds and the Second Lien Bonds, after giving effect to the issuance of the Bonds and the refunding of the Refunded Bonds, is as shown in the following table, which also includes the debt service of Subordinate Lien Obligations that are described below.

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SENIOR LIEN, SECOND LIEN, AND SUBORDINATE LIEN OUTSTANDING ANNUAL DEBT SERVICE⁽¹⁾

2024B Bonds

Fiscal Year	Outstanding Senior Lien Bonds*	Outstanding Second Lien Bonds^{(2)*}	Principal	Interest	Total	Total Second Lien Debt Service	Total Senior Lien and Second Lien Debt Service	Outstanding Subordinate Lien Obligations⁽³⁾	Total Debt Service Requirements⁽³⁾
2024	\$595,000	\$121,329,121				\$121,329,121	\$121,924,121	\$16,266,815	\$138,190,935
2025	24,680,000	87,136,311	\$6,575,000	\$7,431,475	\$14,006,475	101,142,786	125,822,786	32,533,630	158,356,416
2026	24,680,000	100,912,797	1,145,000	6,584,250	7,729,250	108,642,047	133,322,047	32,533,630	165,855,677
2027	24,680,000	100,968,823	5,605,000	6,527,000	12,132,000	113,100,823	137,780,823	32,518,260	170,299,083
2028		126,160,884		6,246,750	6,246,750	132,407,634	132,407,634	32,432,944	164,840,577
2029		126,040,040	7,850,000	6,246,750	14,096,750	140,136,790	140,136,790	32,432,944	172,569,733
2030		121,920,933	11,825,000	5,854,250	17,679,250	139,600,183	139,600,183	32,432,944	172,033,126
2031		121,853,546	12,445,000	5,263,000	17,708,000	139,561,546	139,561,546	32,050,419	171,611,965
2032		121,412,677	13,120,000	4,640,750	17,760,750	139,173,427	139,173,427	31,667,894	170,841,321
2033		121,132,804	13,815,000	3,984,750	17,799,750	138,932,554	138,932,554	30,126,928	169,059,482
2034		120,646,084	14,560,000	3,294,000	17,854,000	138,500,084	138,500,084	29,615,082	168,115,166
2035		120,146,856	15,330,000	2,566,000	17,896,000	138,042,856	138,042,856	28,678,599	166,721,455
2036		115,643,587	11,385,000	1,799,500	13,184,500	128,828,087	128,828,087	23,578,023	152,406,110
2037		115,084,925	11,985,000	1,230,250	13,215,250	128,300,175	128,300,175	21,562,501	149,862,676
2038		98,307,913	12,620,000	631,000	13,251,000	111,558,913	111,558,913	19,232,755	130,791,668
2039		80,113,523				80,113,523	\$80,113,523	11,421,694	91,535,217
2040		49,387,325				49,387,325	\$49,387,325	8,603,677	57,991,002
2041		49,409,213				49,409,213	\$49,409,213	4,521,832	53,931,044
2042		49,425,800				49,425,800	\$49,425,800	4,521,832	53,947,632
2043		49,456,013				49,456,013	\$49,456,013		49,456,013
2044		31,594,400				31,594,400	\$31,594,400		31,594,400
2045		31,596,425				31,596,425	\$31,596,425		31,596,425
2046		31,594,263				31,594,263	\$31,594,263		31,594,263
2047		31,595,863				31,595,863	\$31,595,863		31,595,863
2048		31,598,000				31,598,000	\$31,598,000		31,598,000
2049		31,596,863				31,596,863	\$31,596,863		31,596,863
2050		31,600,475				31,600,475	\$31,600,475		31,600,475
2051		31,596,463				31,596,463	\$31,596,463		31,596,463
2052		20,722,850				20,722,850	\$20,722,850		20,722,850
2053		20,722,000				20,722,000	\$20,722,000		20,722,000
2054		20,723,875				20,723,875	\$20,723,875		20,723,875
2055		20,721,375				20,721,375	\$20,721,375		20,721,375
2056		20,722,663				20,722,663	\$20,722,663		20,722,663
2057		20,725,375				20,725,375	\$20,725,375		20,725,375
2058		12,017,150				12,017,150	\$12,017,150		12,017,150
2059		12,018,650				12,018,650	\$12,018,650		12,018,650
2060		12,020,725				12,020,725	\$12,020,725		12,020,725
2061		12,021,725				12,021,725	\$12,021,725		12,021,725
	\$74,635,000	\$2,421,678,308	\$138,260,000	\$62,299,725	\$200,559,725	\$2,622,238,033	\$2,696,873,033	\$456,732,402	\$3,153,605,435

Note: The applicable footnotes for the preceding table are shown on the following page.

FOOTNOTES FOR THE PRECEDING TABLE ENTITLED “SENIOR LIEN, SECOND LIEN, AND SUBORDINATE LIEN OUTSTANDING ANNUAL DEBT SERVICE”

*Outstanding Senior Lien Bonds and outstanding Second Lien Bonds are governed by the terms of the respective trust indentures relating to such bonds on a parity basis.

- (1) After giving effect to the issuance of the Bonds and the Refunding of the Refunded Bonds. Principal and interest (including the amount of interest that has accreted on capital appreciation bonds) for each year includes amounts payable on the City’s wastewater transmission revenue bonds on July 1 of that year and January 1 of the following year. All of the City’s outstanding wastewater transmission revenue bonds bear interest at a fixed rate.
- (2) Interest for each year includes the full amount of interest payable on the City’s Series 2010B Second Lien Bonds without adjustment for certain direct payment subsidies expected by the City to be received from the U.S. Treasury. Debt service is net of capitalized interest, as applicable.
- (3) Reflects only Subordinate Lien Obligations that have final loan amounts with the IEPA, but do not reflect initial awards that are still drawing funds from the IEPA.
Totals may not add due to rounding.

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Subordinate Lien Obligations

The City has applied for and received funding from the IEPA Clean Water Initiative State Revolving Loan Fund Program for Sewer System projects, with executed loan agreements as shown in the following table. Each loan constitutes a Subordinate Lien Obligation. It is anticipated that the City will enter into additional IEPA loans in the future. Subordinate Lien Obligations, including the IEPA loans, have a claim to payments from amounts in the Sewer Revenue Fund that is subordinate to the claim of the Senior Lien Bonds, Second Lien Bonds, and the Bonds. As of July 1, 2024, there were \$402.1 million outstanding aggregate principal amount of Subordinate Lien Obligations in the form of loans from the IEPA.

IEPA SEWER REVENUE FUND LOANS OUTSTANDING⁽¹⁾

<u>IEPA Loans in Repayment</u>	<u>Final Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount of Loan Outstanding⁽²⁾</u>
L17-2509	8/28/2027	2.50	\$ 321,331
L17-3629	6/21/2031	0.00	5,355,350
L17-4565	12/30/2032	1.25	8,298,346
L17-4682	3/20/2033	1.25	8,637,606
L17-4863	3/4/2034	2.295	8,719,334
L17-5006	7/21/2035	1.93	34,398,190
L17-5224	8/18/2036	1.86	2,939,650
L17-5230	6/9/2036	1.995	37,205,410
L17-5323	11/3/2037	1.75	4,885,084
L17-5328	5/30/2038	1.86	47,185,198
L17-5396	11/7/2038	1.75	20,911,098
L17-5397	4/26/2039	1.76	13,940,584
L17-5398	1/15/2040	1.76	21,604,750
L17-5399	11/20/2042	2.00	9,956,981
L17-5400	8/22/2042	1.35	12,293,938
L17-5413	12/19/2038	1.76	47,415,490
L17-5560	4/9/2040	1.84	41,682,582
L17-5561	10/7/2040	1.84	25,438,014
L17-5653	8/9/2042	1.35	50,959,141

Total Outstanding Principal Balance

\$402,148,077

(1) Outstanding principal amounts as of July 1, 2024.

(2) Totals may not add due to rounding.

The City has also signed initial loan agreements pertaining to an additional \$166.5 million of IEPA loans. Disbursements for these loans are ongoing and the final amounts of the loans may change based on project needs. The interest rates on these initial loan agreements range from 1.11 to 2.00 percent and expected maturity dates range from July 5, 2041 to January 15, 2044, as set out in the initial loan agreements, but may change when the final loan agreements are signed following the final disbursement of each loan.

Historically, the IEPA program provides loans for a twenty-year repayment term in most instances with shorter repayment schedules negotiated under certain project circumstances. Under newly proposed rules the repayment terms would be for a thirty-year term. The loans are provided at simple interest and payback does not begin until the completion of the construction. Interest rates for the program are established annually and are calculated and applied at one-half the Bond Market Interest Rate, defined as the mean interest rate of the *Bond Buyer* 20 Bond General Obligation Index for the preceding fiscal year. The interest rate in effect at the time of origination remains fixed for the life of the loan.

The Series 2012 Bond Ordinance authorized the issuance from time to time of Commercial Paper Notes and Line of Credit Notes for the purposes of financing or refinancing capital improvements to the Sewer System or providing funds to meet the cash flow needs of the Sewer System, among others. The maximum aggregate principal amount of all Commercial Paper Notes and Line of Credit Notes outstanding at any one time may not exceed \$150,000,000, without further authorization from the City Council. The claim of any Commercial Paper Notes or Line of Credit Notes for payment from moneys in the Sewer Revenue Fund is subordinate to the claim of the Bonds. The City has no Commercial Paper Notes nor Line of Credit Notes outstanding pursuant to this authorization, however the City reserves its rights to issue Commercial Paper Notes and Line of Credit Notes in the future.

The City has no interest rate swaps in connection with the Bonds.

DEPARTMENT OF WATER MANAGEMENT

The City's Department of Water Management (the "Department") is an executive department of the City with responsibility for the operation, maintenance, repair, improvement, replacement and extension of the Water System and the Sewer System. Water and sewer funds are held separately to comply with legal requirements.

The budgeted employment level of the Department for 2024 for Water System employees was 1,872 and for Sewer System employees was 610 (these figures represent the total number of full-time equivalent employees budgeted within the Department on those funds, including seasonal employees). The Department includes employees with professional qualifications in the fields of engineering, law, science, construction management, public sector management and financial management, as well as skilled technical personnel. Substantially all of the Department's employees are covered by five-year collective bargaining agreements which became effective July 1, 2022. The 2024 Sewer Fund budget anticipates the impact of future funding increases, which includes wage increases and anticipated wage increases with respect to such collective bargaining agreements.

In 2023, the City undertook a salary compression analysis (the "Salary Study") as a managerial retention initiative. The Salary Study recommended the adjustment of certain non-represented managerial salaries, including Department non-represented managerial employees, to more accurately reflect executive functions, levels of supervision, and responsibilities. The resolution authorizing the adjustment of managerial salaries according to the Salary Study was passed by the City Council on April 19, 2023. These salary adjustments are currently in effect and found under "Schedule X" in the 2024 City's Annual Appropriation Ordinance.

Organization and Staffing

The chief administrator of the Department is the Commissioner, who is appointed by the Mayor with the approval of the City Council. On January 16, 2024, the Mayor appointed Alfonzo Conner, Jr. as the Department's Commissioner, with the Chicago City Council confirming his permanent appointment as Commissioner on February 21, 2024. Under the direction of the Commissioner, the Department is organized into five bureaus and the Commissioner's office as follows:

Commissioner's Office: The office is responsible for the oversight and management of general and project-specific initiatives for the other bureaus. This office also determines departmental policies and includes security and safety.

Administration: This bureau is responsible for the collection and dissemination of all financial information, procurement and contract administration, personnel, labor relations, information technology and payroll.

Operations and Distribution: This bureau is responsible for the maintenance, repair and installation of water and sewer mains and appurtenances, including valves, fire hydrants, manholes, catch basins and valve basins. This bureau is also responsible for water meter installation, reading, repair and replacement.

Water Supply: This bureau is responsible for the treatment, purification, pumping and monitoring the quality and purity of the water supply.

Engineering Services: This bureau is responsible for providing engineering and inspection support for the planning, design, expansion, rehabilitation, operating, monitoring and inspection of the Water and Sewer Systems.

The City maintains a self-insurance program, including casualty coverage, general liability coverage and workers' compensation for the Department. The City also maintains replacement-cost property insurance that covers the major facilities of the Sewer System.

Description of Physical Facilities

The Sewer System consists of approximately 4,400 miles of sewer main, ranging in size from six inches to over 21 feet in diameter. The tables below provide a profile of the transmission facilities of the Sewer System by size, age and length:

WASTEWATER TRANSMISSION AND COLLECTION FACILITIES

<u>Size (in inches)</u>	<u>Length (in miles)</u>	<u>Percent of System</u>
Under 36.....	3,730	83.4%
47-84	539	12.1
Larger than 84	<u>201</u>	<u>4.5</u>
Total	<u>4,470</u>	<u>100.0%</u>

<u>Years Placed in Service</u>	<u>Approximate Length (in miles)</u>	<u>Approximate Percent of System</u>
2021-2023	23	0.5%
2011-2020	202	4.5
2001-2010	136	3.1
1991-2000	190	4.2
1981-1990	149	3.3
1961-1980	371	8.3
1941-1960	391	8.7
1921-1940	847	19.0
1901-1920	1,024	22.9
Prior to 1900	<u>1,137</u>	<u>25.5</u>
Total.....	<u>4,470</u>	<u>100.0%</u>

Note: Totals may not add due to rounding.

These wastewater collection and transmission facilities primarily operate as a gravity system.

Capital Improvement Program

The City, through the Department, continually improves and rehabilitates the Sewer System. To provide for future additions to the Sewer System, replacement of facilities and rehabilitation of existing facilities, and improvement of overall hydraulic capacity the Department most recently prepared a projected capital improvement program covering a five-year period from 2024 to 2028 (the “Capital Improvement Program” or “CIP”).

The Capital Improvement Program follows the conclusion of the previous ten-year plan undertaken between 2014 to 2023, which was intended to address deferred maintenance and accelerate investment in sewer main replacement and lining. In total, the Department constructed 170 miles of sewer main, lined 419 miles of sewer main, and rehabilitated approximately 60,000 sewer structures.

The Sewer System’s historical expenditures for 2019 through 2023 and projected expenditures for 2024 through 2028 of the Capital Improvement Program are summarized in the table below. The information presented in the table reflects the Department’s expected allocations of resources to various projects, but does not necessarily represent an expectation of actual cash expenditures for these projects, which are subject to annual approval of the Office of Budget and Management. The primary sources of funds to undertake these projects are expected to be proceeds from Bonds, IEPA loans, and funding from current sewer revenue (also referred to as “Pay-Go”). In 2021 and 2022, as with other large infrastructure systems across the country, the Department experienced some project delays and increased costs due to shortages in supplies and manpower. The Department's capital improvement program, as planned over the long term, will not be materially impacted by prior years' shortages.

HISTORICAL AND PROJECTED CAPITAL IMPROVEMENT PROGRAM FUNDING BY SOURCE*

<u>Funding Sources</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Bonds	\$61.9	\$44.7	\$5.3	\$36.0	\$46.6	\$122.5	\$116.7	\$184.9	\$250.1	\$255.9
Pay-Go	19.2	38.5	76.5	36.6	19.7	15.3	53.5	-	-	-
Grants	0.0	-	0.4	-	-	-	-	-	-	-
IEPA Loans	<u>110.4</u>	<u>49.1</u>	<u>52.2</u>	<u>47.9</u>	<u>64.0</u>	<u>43.1</u>	<u>70.8</u>	<u>104.2</u>	<u>106.1</u>	<u>108.1</u>
Totals	<u>\$191.5</u>	<u>\$132.3</u>	<u>\$120.6</u>	<u>\$120.6</u>	<u>\$130.3</u>	<u>\$180.9</u>	<u>\$241.0</u>	<u>\$289.1</u>	<u>\$356.2</u>	<u>\$364.0</u>

*The amounts shown are in the millions. The amounts shown for years 2019-2023 are actual cash expenditures. The amounts shown for 2024-2028 are estimates. Totals may not add due to rounding. The City did not receive a loan allocation from the IEPA for 2025; projects are still expected to be completed with funding from Pay-Go and other sources, although the combination of sources has not yet been finalized.

Area 4 Regional Sewer Master Planning. The Department is advancing the Citywide Master Planning efforts to the southside Area 4 Watershed to help address this region’s flooding and local sewers surcharge and sewer backup problems. The Area 4 planning area or watershed generally stretches south of the 87th Street to the City limits, between Cicero Avenue to the west, Lake Michigan to the east, and is located within City Wards 7, 8, 9, 10, 19, and 21. This area serviced by the City’s combined sewers is approximately 30 square miles which is about 15 percent of total service area of the City. The project includes regional sewer improvements for the entirety of Area 4 with verification and optimization of local sewer system as summarized in the previous Area 4 study reports. Detailed hydrologic and hydraulic modeling will be used for listing and verification/optimization of the size and location of various future connecting sewer projects to achieve a 5-year level of flood protection for Area 4. The Area 4 Tunnel will add additional conveyance capacity and relief to existing trunk sewers that are generally 36-inch and larger in diameter.

Lead Service Line Replacement Program. Sewer System revenues may not be used to fund Lead Service Line Replacement (“LSLR”). Any costs to finance LSLR required as a result of the Capital Improvement Program will be paid from alternative non-sewer funding sources. The Lead Service Line Replacement and Notification Act requires full water service line replacement whenever any lead or galvanized iron lines are broken or disturbed, including for service line leaks and breaks and water main replacement. Therefore, any lead service lines that are identified as a result of the Capital Improvement Program will have to be replaced. There are approximately 409,000 lead service or suspected lead service lines in the City, primarily in older (pre-1986) single-family and two-flat residences. Lead is a toxin that is harmful to human health. Developing fetuses, infants and young children are especially vulnerable. Most lead ingestion, however, is via ingestion of lead paint. Due to the high concentration of lead service lines in the City, the City announced plans to replace every lead service line in the City. The City estimates that the full cost to replace all of the lead service lines in the City is \$14 to \$16 billion in current dollars. LSLR consists of replacement of the water line running from the water main to the external water shut-off valve (sometimes called the “Buffalo-box” or “B-box”) and replacement of the water line running from the external water shut-off valve into the home. On August 27, 2021, the Lead Service Line Replacement and Notification Act, 415 ILCS 5/17.12 (the “Lead Service Line Replacement Act”), was signed into state law and became effective for the City on January 1, 2023. Among other things, the Lead Service Line Replacement and Notification Act requires the owners and operators of a community water supply in the State to develop, implement and maintain a comprehensive water lead service line replacement plan. The legislation provides no funding for LSLR. Under the Lead Service Line Replacement Act, the City has 50 years (with the possibility of up to 15 years of extensions) to complete the LSLR work. The 50-year replacement period for the City does not begin until April 15, 2027. On October 8, 2024, the US EPA announced the final Lead and Copper Rule Improvements (“LCRI”). Under the LCRI, drinking water systems will be required to proactively replace lead service lines within 10 years. However, because the City has the most lead service lines in the country, the LCRI allows the City a period of approximately 20 years, commencing in 2027, to replace its lead service lines.

US EPA

The Department receives requests for information from US EPA regarding CSOs and related issues from time to time, to which it responds. The Department and other City officials have been in conversations with US EPA and other interested environmental organizations on the renewal of the National Pollutant Discharge Elimination System (“NPDES”) permit for Chicago CSO outflows. The Department, other City officials, and other interested environmental organizations reached an accord and the City worked directly with the Illinois EPA on the issuance of the new NPDES permit. The Illinois EPA issued the new NPDES permit effective April 1, 2024.

In 1975, the Water Reclamation District began the construction of its Tunnel and Reservoir Plan (“TARP”) project to address combined sewer overflows (“CSOs”) in the metropolitan Chicago area. Tunnel systems have been completed and TARP is the long term control plan to mitigate flooding in Chicago. The project will be completed upon the final completion of Phase 2 of the McCook reservoir, which is expected to be in 2029. In 2004, the United States Environmental Protection Agency (“US EPA”) requested information from the Department concerning the City’s compliance with regulatory requirements under the Clean Water Act pertaining to CSOs in Chicago area waterways. Overflows may occur when the combined flow of storm water run-off and sanitary sewage exceeds the capacity of the Sewer System and the sewage collection and treatment facilities of the Water Reclamation District.

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SEWER SYSTEM

General

The Sewer System provides sewage and drainage collection and conveyance for a service area of roughly 230 square miles inhabited by approximately 2.67 million people.

The Sewer System was designed, constructed and continues to be a combined system to provide for collection and conveyance of both sanitary sewage and storm water run-off in common sewer conduits. The Sewer System is not responsible for, and does not include any facilities for, the treatment or disposal of sewage. It is limited to collecting and conveying wastewater to the interceptor sewers of the Water Reclamation District, an independent government entity with exclusive responsibility for sewage treatment, sewage disposal and flood control in the City and neighboring suburbs. The Water Reclamation District is charged with providing and managing the facilities for the collection (through a network of approximately 560 miles of intercepting sewers and force mains), treatment and subsequent disposal of sewage from the City and surrounding areas. The Water Reclamation District finances its operations primarily through the imposition of an ad valorem tax in the area that it serves.

The City is solely responsible for the Sewer System except with respect to direct connections to rivers and waterways, in which case approval must be obtained from the Water Reclamation District or the U.S. Army Corps of Engineers, and direct connections to the Water Reclamation District, in which case approval must be obtained from the Water Reclamation District.

Service Areas

There are no significant areas of the City without sewer service and, except for a very limited number of industrial users who have direct connections to the Water Reclamation District's interceptors, connection to the Sewer System is the only feasible means of wastewater disposal for nearly all City users. By regulation of the Department, all sewer work performed within the City or connecting to the Sewer System or to the City's waterways, whether on public or private property, is subject to approval by the Department. For additional economic and demographic information regarding the City and the Sewer System, see APPENDIX F – "CITY OF CHICAGO ECONOMIC AND DEMOGRAPHIC INFORMATION."

The following table shows the population of the City for the past five decades:

SEWER SYSTEM SERVICE AREA POPULATION	
Year	Population
1970	3,369,357
1980	3,005,072
1990	2,783,726
2000	2,896,016
2010	2,695,598
2020	2,746,388

Source: U.S. Census Bureau.

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FINANCIAL OPERATIONS

Sewer Service Rates

Revenues from sewer service charges provide funds for the operation, maintenance and debt service of the Sewer System. The Sewer Revenue Fund receives no share of any state or local property or income taxes.

Sewer service rates are set by ordinance- and the City Council has authority to make adjustments to sewer service rates. No regulation by any administrative agency applies to the Sewer System rates. Under certain conditions, the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant. See “SECURITY FOR THE BONDS – Rate Covenant.”

The sewer service charge is established in an amount designed to pay the costs of Sewer System operations and capital improvements, including any related debt service. The Sewer System rates for all accounts located within the City are a percentage of the Water System rates and the current charge for sewer service is an amount equal to 100 percent of the gross amount charged for water service, whether such water service is metered or nonmetered.

Metered water rates are based on a dollar rate per thousand cubic feet. The assessment of non-metered users is based on a formula related to the size of the relevant property and other use-related factors. Because the Sewer System rates are calculated as a percentage of the Water System rates, Sewer System rates also increase when Water System rates increase. Annual Water System rates are required to be increased, pursuant to the Municipal Code, by applying to the previous year’s rates the rate of inflation, calculated based on the Consumer Price Index – Urban Wage Earners and Clerical Workers (Chicago All Items) published by the United States Bureau of Labor Statistics for the 365-day period ending on the most recent January 1 up to a maximum increase of 5%. Such increases do not require further action by the City Council, but the City Council may take action at any time to alter the then-current schedule of water rates. Under certain conditions, the Authorized Officer shall recommend appropriate action to the City Council to comply with the Rate Covenant.

On June 1, 2024, the water rate increased by 3.37 percent to \$4.70 per 1,000 gallons. See “SECURITY FOR THE BONDS – Rate Covenant.”

The historical sewer rates are shown in the following table.

HISTORICAL SEWER RATES

Effective Date	Gross Water Rate Per 1,000 Gallons	Water Rate Increases	Percentage of Water Bill	Per 1,000 Gallons	Percentage Change
June 1, 2018	\$3.95	1.54%	100%	\$3.95	1.54%
June 1, 2019	3.98	0.82%	100%	3.98	0.82%
June 1, 2020	4.08	2.45%	100%	4.08	2.45%
June 1, 2021	4.13	1.10%	100%	4.13	1.10%
June 1, 2022	4.33	5.00%	100%	4.33	5.00%
June 1, 2023	4.55	5.00%	100%	4.55	5.00%
June 1, 2024	4.70	3.37%	100%	4.70	3.37%

Sewer Accounts

As of December 31, 2023, the Sewer System supplied 494,384 accounts. As shown in the table below, of these 494,384 accounts, 58,904 were exempt accounts, resulting in a total of 435,480 revenue paying sewer accounts. Senior citizens age 65 and older who reside in their own residence with a separate water meter or separate water assessment for that residence may apply for an exemption from payment of the sewer service charge. Senior citizens age 65 and older living in condominiums, co-ops or townhouses are not eligible for the exemption, but are eligible to apply for an annual rebate of \$50 on sewer service charges.

The following table reflects the total accounts of the Sewer System, nonmetered and metered, net of exempt accounts, for the years 2019 through 2023.

Water System and Sewer System Accounts					
Year Ended December 31	Water Accounts			Sewer Accounts	
	Non-metered	Metered	Total	Exempt	Revenue Paying Sewer Accounts
2019	178,348	316,262	494,610	66,889	427,721
2020	177,641	316,783	494,424	63,608	430,816
2021	176,931	317,398	494,329	62,680	431,649
2022	172,048	322,226	494,274	60,006	434,268
2023	170,456	323,928	494,384	58,904	435,480

During 2023, residential accounts represented approximately 66 percent of Sewer System revenues and industrial and commercial accounts represented approximately 26 percent of such revenues. The remaining 8 percent of revenues were derived from governmental and not-for-profit organizations. During the same period, residential non-metered accounts were approximately 30 percent of Sewer System revenues and residential metered accounts were approximately 70 percent of such revenues. All industrial and commercial accounts are metered. There are no large industrial or commercial users that account for more than five percent of Sewer System revenues. The five largest accounts of the Sewer System are shown on the following table.

Fiscal Year 2023 Five Largest Sewer Accounts by Revenue	
Customer	Revenue (dollars in thousands)
City of Chicago Department of Aviation	\$5,049
Chicago Housing Authority	3,814
The University of Chicago	2,555
University of Illinois at Chicago	2,537
Chicago Park District – Lincoln Park	1,810
Total of Top 5	\$15,765
% of Sewer Sales	4.09
Total Billed Sewer Fees⁽¹⁾	\$385,600

Source: City of Chicago, Department of Water Management

(1) Actual amounts billed during calendar year; differs from Sewer Fund Basic Financial Statements which include charges accrued for calendar year regardless of year in which billed and consolidates accounts under the same account name using a different methodology.

Collections and Delinquencies

The City's Department of Finance issues bills for water, sewer, water tax, sewer tax, and refuse charges on a unified utility bill. The collection strategy involves collection of amounts owed on the unified utility bills as a whole, and for this reason the Department of Finance follows the same collection strategy for collecting water and sewer charges, as described below. The Department of Finance bills most large industrial, commercial, and wholesale municipal accounts each month, with a few exceptions that are billed quarterly. Metered residential accounts and smaller accounts are generally billed once every two months, unless a customer enters into a payment arrangement or enrolls in the UBR Program (as defined below), in which case they are billed monthly. As of October 2024, and since December 2020, non-metered accounts are billed monthly.

Payments on both metered and non-metered accounts are due 21 days after the bills are issued. A late payment penalty assessed at a monthly rate of one and one-fourth percent is imposed on all charges exceeding \$10.00 for which payment in full is not received within 30 calendar days from the date the bill was issued.

Delinquency notices, which were generated at an average rate of 17,960 per week in 2023, are sent to delinquent account holders when their balances are 30 days past due. A second delinquency notice is sent after 60 days. A third delinquency notice is sent after 90 days. After an active account reaches 365 days past due with a balance greater than \$1,000, the portion of the account balance meeting these criteria is referred to an outside collection agency or law firm for collections. Inactive accounts (accounts for prior owners, nonmetered accounts registered as vacant, and those that do not currently have water or sewer service) that are 91 days past due with balances of \$200 or greater are referred to an outside collection agency or law firm for collection. Outside law firms may pursue collection by obtaining a judgment at the City of Chicago Department of Administrative Hearings or the Circuit Court of Cook County, by recording a lien against the property, or by additional legal collection actions. Additionally, by ordinance, when a property is transferred, a deed cannot be recorded with the Cook County Clerk's Recording Division unless the Department of Finance certifies that all service charges and penalties due and owing on the unified utility bill for service to that property have been paid in full (unless another law or rule provides otherwise).

Chicago Water and Sewer Tax-Unified Billing

On September 14, 2016, the City Council approved a tax on the use or consumption of water in the City, and on the transfer of wastewater to the Sewer System from properties located in the City (subject to certain exceptions) (the "Chicago Water and Sewer Tax"). The Chicago Water and Sewer Tax revenues are not Gross Revenues of the Sewer System and will not be utilized for the operations of the Sewer System, and the Chicago Water and Sewer Tax revenues will not be pledged to the repayment of the Bonds. The Chicago Water and Sewer Tax current rate is \$1.255 per 1,000 gallons and no assurance may be given that it will remain the same.

Chicago residents receiving both water and sewer service from the City, as well as refuse collection services provided by the City's Department of Streets and Sanitation, are sent a unified utility bill ("Unified Bill") which details the charges for each service. The Chicago Water and Sewer Tax appears as a separately stated item on the Unified Bill for City-provided water, sewer and refuse collection services. The first Unified Bills, which included refuse collection services, were sent in 2016 to City residents. Beginning in March 2017, the Unified Bills also included the Chicago Water and Sewer Tax as a separate charge. Pursuant to the City's Municipal Code, payments on the Unified Bills are allocated pro rata among the Chicago Water and Sewer Tax and water, sewer, and refuse collection charges and fees, with oldest unpaid amounts being paid first. No assurance can be given, however, that this will always be the method of allocation of partial payments. It is possible that partial payments may be allocated in the future in a non-pro rata manner, in which event sewer charges could receive a lower priority than refuse collection charges, water charges, and/or Chicago Water and Sewer Tax in allocating partial payments. To date, the Chicago Water and Sewer Tax and the allocation of payments or partial payments on the Unified Bills to water charges, sewer charges, Chicago Water and Sewer Tax, and refuse collection services have not had a material adverse effect on the collection by the City of sewer charges.

Utility Billing Relief Program

In 2019, the City implemented a moratorium on water shutoffs for non-payment. In April 2020, in order to address issues with water affordability for low-income residents, the City launched the Utility Billing Relief Program (the “UBR Program”). The UBR Program provides low-income City residents with a reduced rate on their water rate, sewer rate, and Chicago Water and Sewer Tax as well as debt relief for those who demonstrate they can manage the reduced rate bills for one year. In order to be eligible for the UBR Program, an applicant must meet the income criteria for the Low Income Home Energy Assistance Program, which currently requires that the applicant must earn income at or below 200% of the federal poverty level, and the applicant must own and reside in a single family home, 2-unit, or 3-unit property. As of October 2024, the UBR program has helped approximately 27,000 unique accountholders through reduced billing rates and an opportunity to forgive past utility debt. The UBR Program, and the revenues not collected as a result of the program, have not had, and are not expected to have, any material impact on the security for the Bonds or the ability of the City to pay the debt service on the Bonds.

The amount of annual net sewer charges and cash collected from current and prior years’ billings are included in the table below.

ANNUAL NET SEWER CHARGES			
Year	Net Sewer Charges ⁽¹⁾⁽²⁾	Cash Collected During Year for Current Years ⁽¹⁾⁽³⁾	Percentage of Charges Collected
2019	\$363,709	\$348,079	96%
2020	338,123	324,999	96%
2021	363,216	348,091	96%
2022	384,818	357,530	93%
2023.....	385,560	370,321	96%

⁽¹⁾Dollars in thousands.

⁽²⁾Actual amounts billed during calendar year; differs from Sewer Fund Basic Financial Statements which include charges accrued for calendar year regardless of year in which billed.

⁽³⁾Includes collections for sewer fees and other revenue related to sewer fees.

Sewer System Revenues Not Connected to the State of Illinois

The State of Illinois is obligated to make payments to the City in instances where it is a user of the Sewer System, except in situations and to the extent that the applicable State of Illinois property qualifies for an exemption. The revenue from the State as a user accounts for less than one percent (1%) of the Sewer System’s annual operating revenues. No operating revenues from any users of the Sewer System flow through the State of Illinois. All such revenues are paid directly to the City.

Annual Budget Review and Implementation of Annual Budget

The Department’s annual budget is developed and implemented as part of the City’s annual budget and it is based upon an analysis of its historical Operation and Maintenance Costs. If projected Gross Revenues are not sufficient to satisfy the rate covenants contained in the ordinances authorizing the Bonds and Senior Lien Bonds and Second Lien Bonds, as determined by the City pursuant to its annual review of the Sewer System, the Department is required, after consultation with the Budget Director and, when appropriate, a qualified independent consulting engineer, to recommend appropriate action to the City Council to comply with the rate covenants. See “SECURITY FOR THE BONDS — Rate Covenant.” If necessary, proposed rate increases will be included in the Department’s proposed annual budget.

Once the Department has prepared and finalized its proposed annual budget, the Budget Director considers the Department's proposed budget along with the proposed annual budgets recommended and submitted by all of the other departments and agencies whose budgets become part of the City's proposed annual budget. Following the Budget Director's approval, the budgets must be approved by the Mayor, the City Council's Committee on Budget and Governmental Operations and the City Council. After the City Council has approved the proposed annual budget as the City's annual appropriation ordinance, it is forwarded to the Mayor for approval.

Should the Mayor veto the approved annual appropriation ordinance, the City Council may override the veto with a two-thirds vote.

The City Council may also refuse to approve the Mayor's proposed annual budget. In such a case, the appropriate process for passage of the City budget may have to be judicially determined. In addition, in such case, the Sewer System would continue to operate and users would still be required to pay for service. By law, the City's budget must be approved by December 31 of the year preceding the budget year. The Mayor presented the City's 2025 budget recommendations to the City Council on October 30, 2024. The City's 2025 budget is expected to be approved by the City Council in December 2024.

During each year, the Budget Director uses an allotment system to manage each department's expenditures against its respective annual appropriation. The Budget Director requires departments to submit quarterly allotment budgets which the Budget Director, in turn, monitors. Should any department's expenditures exceed its receipt of revenues, the Budget Director, through the quarterly budget allotment procedure, has the authority to institute economy measures against such department to ensure that its expenditures do not exceed or outpace its revenue collection.

The Financial Policies of the Sewer System

The City has developed the following financial policies applicable to the Sewer System (the "Financial Policies"):

Segregation of Funds.

The City maintains all cash and investments of the Sewer Fund in separate bank accounts from the City's general accounts, including those of the Corporate Fund of the City. Gross Revenues of the Sewer System are deposited directly in the segregated accounts after they are allocated from the Unified Bill. As part of the Financial Policies, the City intends to continue maintaining all cash and investment of the Sewer Fund in segregated bank accounts.

Days Cash on Hand.

In addition to the requirement in the Indenture that the City maintain amounts in the Sewer Rate Stabilization Account equal to at least 90 Days' Cash On Hand, the City also intends to maintain at least 270 Days' Cash On Hand. For the purpose of calculating Days' Cash On Hand under the Financial Policies, the balance in the Sewer Rate Stabilization Account will be included, along with any unrestricted cash and investments and any other restricted cash and investments available for the payment of debt service. The City calculates Sewer Fund Days' Cash On Hand as of December 31, 2023 to equal 386 days, and projects that Days' Cash On Hand for the projection period will remain at comparable levels.

The Financial Policies as described above are not a legal requirement to which the City is bound but represent practices that, as of the date of this Official Statement, the City intends to follow in connection with the financial operations of the Sewer System. Subject to compliance by the City with the requirements of the Indenture, the Financial Policies may be changed, terminated in whole or in part, or disregarded in

whole or in part at the City's discretion. No assurance can be given regarding future compliance by the City with the Financial Policies.

Historical and Projected Operations

The Sewer Revenue Fund is separate, distinct and segregated from the City's General Fund and is not encumbered by any liens, claims, security interests or obligations of the City relating to its General Fund. Following are the Sewer Revenue Fund's Statements of Operations, including debt service requirements, as summarized from the audited financial statements of the Sewer Revenue Fund for the years ended December 31, 2019 through December 31, 2023, together with projected financial operations and projected debt service requirements for the years ending December 31, 2024 through December 31, 2028. The projected financial operations and debt service coverage calculations do not include additional assumed issuances of debt through the end of the projection period. There is no assurance of the size or timing of such future transactions or whether they will occur at all.

The Sewer Revenue Fund's operating revenues for 2023 increased by approximately \$13.7 million compared to prior year operating revenues. The approximate increase of 3.7% is primarily due to an increase in Sewer System rates that took effect on June 1, 2023. Because the Sewer System rates are calculated as a percentage of the Water System rates, Sewer System rates also increase when Water System rates increase. Rate increases are projected to be partially offset by marginal decreases in water consumption due to water conservation efforts. Therefore, operating revenues are projected to increase at a modest rate.

The Sewer Revenue Fund's operating expenses before depreciation and amortization for 2023 increased by approximate \$13.8 million compared to the prior year operating expenses. The approximate increase of 10.0% is primarily due to increases in pension expenses resulting from changes in actuarial assumptions, investment losses due to global market volatility, and repair and maintenance costs.

Projected operating expenses (excluding General Fund reimbursements and pension contributions) in 2024 through 2028 are reflective of an expected increase in expenses based on historical trends. Projected operating expenses also reflect an increase in each year based on growth in indirect costs being charged to the Sewer Revenue Fund as reimbursements to the General Fund. The methodology for charging these indirect costs to the Sewer Revenue Fund is prepared by a third party and is consistent with generally accepted accounting principles. The Sewer Revenue Fund has historically been charged for indirect costs properly allocable to that Fund. Direct pension contributions are budgeted at \$28.2 million in 2024. Indirect pension contributions allocable to the Sewer Revenue Fund are budgeted to be \$14.6 million in 2024. Pursuant to the Pension Funding Policy (as defined below), the City budgeted the 2024 Advance Pension Contribution (as defined below), of which the Sewer Fund's allocable share was \$5.6 million. Future pension contributions are projected to grow from 2025 to 2028 based on the City's internal projections incorporating actual pension fund returns of 12.1% on average for 2022, assumed 0.0% returns in 2023, and a reduction in the discount rate used by MEABF from 7.00% to 6.75% beginning in 2023.

Water usage in the City, upon which sewer charges are based, is assumed to remain stable throughout the projection period. In addition to rate increases, the City could achieve compliance with its Rate Covenant in some other manner, including any combination of rate increases, decreases in operating expenses, changes in its capital improvement program or in the timing and amounts of future borrowings or changes in net transfers to or from the Sewer Rate Stabilization Account and the Residual Account.

The City has prepared the projections discussed herein and summarized in the table below. The City believes that the underlying assumptions provide a reasonable basis for the projections, and that the projections present, to the best of the City's knowledge and belief, the City's expected course of action. However, some of the assumptions upon which the projections are based inevitably will not materialize and unanticipated events and circumstances may occur. The management of the City has prepared the projected financial information set forth below to present the expected financial performance of the Sewer System.

The accompanying projected financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to projected financial information, but in the view of the City's management was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Sewer System. Accordingly, these projections are not fact and should not be relied on as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the projected operations of the Sewer System which are contained herein.

Neither the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected 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 projected financial information.

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CITY OF CHICAGO SEWER SYSTEM
Historical and Projected Financial Operations (Dollars in Thousands)⁽¹⁾

	Actual (Year Ended December 31)					Projected (Year Ended December 31)				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues										
Sewer sales ⁽²⁾⁽³⁾	\$373,902	\$356,267	\$377,514	\$390,059	\$401,366	\$423,802	\$441,882	\$454,758	\$464,040	\$473,321
Less: provision for bad debt ⁽⁴⁾	(23,849)	(22,792)	(12,297)	(23,183)	(20,834)	(21,371)	(22,283)	(22,932)	(23,401)	(23,869)
Other operating revenues	1,023	484	1,052	836	837	846	811	876	841	842
Total Operating Revenues	\$351,076	\$333,959	\$366,269	\$367,712	\$381,369	\$403,277	\$420,410	\$432,702	\$441,481	\$450,295
Operating Expenses ⁽⁵⁾										
Repairs	\$41,614	\$47,398	\$44,066	\$27,513	\$36,030	\$37,244	\$38,771	\$39,585	\$40,377	\$41,185
Maintenance	22,958	24,405	25,861	14,406	16,923	17,493	18,211	18,593	18,965	19,344
Administrative and general	12,367	12,320	13,891	14,093	13,295	13,743	14,307	14,607	14,899	15,197
Engineering	3,515	4,776	5,328	6,162	6,894	7,126	7,419	7,574	7,726	7,880
General Fund reimbursements ⁽⁶⁾	53,688	54,467	55,937	55,478	54,624	37,213	38,739	39,552	40,343	41,150
Pension expense	3,266	(23,853)	(4,979)	21,466	25,200	28,222	28,912	32,072	32,481	30,937
Advance pension contributions	-	-	-	-	-	5,571	5,391	3,086	2,875	2,642
Indirect pension contributions	-	-	-	-	-	14,577	16,344	16,834	17,171	17,514
Total Operating Expenses	\$137,408	\$119,513	\$140,104	\$139,118	\$152,966	\$161,190	\$168,092	\$171,904	\$174,837	\$175,850
Nonoperating Revenues ⁽⁷⁾	11,737	12,128	2,165	(15,801)	17,913	11,322	11,322	11,322	11,322	11,322
Net Revenues	\$225,405	\$226,574	\$228,330	\$212,793	\$246,316	\$253,409	\$263,640	\$272,120	\$277,965	\$285,766
Plus: Pension expense other than contribution	(12,572)	(40,972)	(24,917)	(7,552)	(7,283)	-	-	-	-	-
Transfer from (to) Sewer Rate Stabilization Account	-	-	-	-	-	-	-	1,209	953	733
Other Available Funds ⁽⁸⁾	234,799	255,980	263,437	207,660	141,857	141,857	141,857	141,857	141,857	141,857
Net Revenues Available for Bonds	\$447,632	\$441,582	\$466,850	\$412,901	\$380,890	\$395,266	\$405,497	\$412,768	\$418,869	\$426,890
Sewer Rate Stabilization Account Year-End Balance	\$36,902	\$40,814	\$40,814	\$40,814	\$40,814	\$40,814	\$40,814	\$42,023	\$42,976	\$43,709
Net Revenues Available for Bonds ⁽⁹⁾	\$447,632	\$441,582	\$466,850	\$412,901	\$380,890	\$395,266	\$405,497	\$412,768	\$418,869	\$426,890
Debt Service Requirements: ⁽¹⁰⁾										
Senior Lien Debt Service Requirement	\$10,525	\$13,655	\$13,720	\$13,720	\$13,688	\$595	\$24,680	\$24,680	\$24,680	-
Senior Lien Debt Service Coverage (1.15 Required)	42.53x	32.34x	34.03x	30.09x	27.83x	664.31x	16.43x	16.72x	16.97x	-
Second Lien Debt Service Requirement	\$124,556	\$123,522	\$117,094	\$123,161	\$102,256	\$121,329	\$101,143	\$108,642	\$113,101	\$132,408
Combined Senior and Second Lien Debt Service Requirements	\$135,081	\$137,177	\$130,814	\$136,881	\$115,944	\$121,924	\$125,823	\$133,322	\$137,781	\$132,408
Combined Senior and Second Lien Debt Service Coverage (1.00 Required)	3.31x	3.22x	3.57x	3.02x	3.29x	3.24x	3.22x	3.10x	3.04x	3.22x
IEPA Loans Subordinate Lien Debt Service Requirement ⁽¹¹⁾	\$18,117	\$21,727	\$27,387	\$28,724	\$32,087	\$28,011	\$32,534	\$32,534	\$32,518	\$32,433
Combined Senior, Second & Subordinate Lien Debt Service Requirement	\$153,198	\$158,904	\$158,201	\$165,605	\$148,031	\$149,935	\$158,357	\$165,856	\$170,299	\$164,841
Combined Senior, Second & Subordinate Lien Debt Service Coverage (1.15 Required)	2.92x	2.78x	2.95x	2.49x	2.57x	2.64x	2.56x	2.49x	2.46x	2.59x

Sources: Department of Water Management and Department of Finance

FOOTNOTES FOR THE PRECEDING TABLE ENTITLED "CITY OF CHICAGO SEWER SYSTEM - Historical and Projected Financial Operations"

- (1) Totals may not add due to rounding.
- (2) 2024 sewer sales estimated to grow by 5.59%. Projections in 2025 to 2028 are based on projected inflationary trends as published by the Federal Reserve.
- (3) Projected annual Sewer Sales reflect gross billings and not collections, which is in accordance with generally accepted accounting principles.
- (4) Projected provision for bad debt is projected to increase in 2024 through 2028 based on five-year trailing average.
- (5) Non-pension operating expenditure growth is projected to increase by 3.37% in 2024. Projections in 2025 to 2028 are based on projected inflationary trends as published by the Federal Reserve.
- (6) General Fund reimbursements in 2019 through 2023 include indirect pension contributions. For 2024 and 2025, General Fund reimbursements are based on the budgeted amount or expected budgeted amount. For 2026 through 2028, General Fund reimbursements are projected to grow based on projected inflationary trends as published by the Federal Reserve. Direct, indirect, and advance pension contributions in 2024 and 2025 are based on budgeted amount or expected budgeted amount.
- (7) In 2024 through 2028, includes projected Build America Bond Federal Subsidy receipts (net of assumed 5.7% sequestration) from the U.S. Treasury, which the City expects to receive in connection with its Second Lien Wastewater Transmission Revenue Project Bonds, Taxable Series 2010B. The Indenture permits such Federal Subsidies to be included in Gross Revenues, provided the City's Budget Director designates such amounts to be deposited in the Sewer Revenue Fund and subject to the lien of the Indenture. The City has not yet designated the Build America Bond Federal Subsidy receipts to be deposited into the Sewer Revenue Fund. There is no assurance that such designation will be made in Fiscal Year 2024 or in future years.
- (8) Other Available Funds are equal to total current unrestricted assets net of total current liabilities included in the annual Basic Financial Statements – Statements of Net Position as of December 31 of the prior year.
- (9) As provided in the Bond Ordinance, Gross Revenues remaining in any period after providing sufficient funds for Operations and Maintenance Costs, for paying required debt service on all bonds and notes secured by Sewer System revenues, for paying any required amounts into any other accounts established for any bonds or notes secured by Sewer System revenues and to make any deposits into the Sewer Rate Stabilization Account ("Other Available Funds"), can be applied to debt service for any future period. Other Available Funds is equal to total current unrestricted assets net of total current liabilities included in the annual Basic Financial Statements - Statements of Net Position as of December 31 of the prior period. From 2024 through 2027, Other Available Funds are projected to be approximately \$141.9 million per year.
- (10) Reflects assumptions from the issuance of the Bonds and the refunding of the Refunded Bonds. Principal and interest (including the amount of interest that has accreted on capital appreciation bonds) for each year includes amounts payable on the City's wastewater transmission revenue bonds on July 1 of that year and January 1 of the following year.
- (11) Debt service includes IEPA loan debt service for loans that have been closed and does not include IEPA loan debt service for initial awards.

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Pension Costs

Determination of Pension Contributions

Pension costs paid out of the Sewer Revenue Fund constitute Operation and Maintenance Costs for purposes of determining Net Revenues Available for Bonds and for the City's compliance with its covenants (including the Rate Covenant) under the Bond Ordinance and the Indenture. See "INTRODUCTION – Rate Covenant."

The City participates in four single-employer defined-benefit pension plans for City employees: the Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF"), the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF," and together with MEABF, the "Municipal and Laborers' Funds"), the Policemen's Annuity and Benefit Fund ("PABF"), and the Firemen's Annuity and Benefit Fund ("FABF," and together with PABF, the "Public Safety Funds," which, together with the Municipal and Laborers' Funds, are referred to herein as the "Retirement Funds"). Sewer System employees participate in the Municipal and Laborers' Funds.

Certain of the annual comprehensive financial reports of the Retirement Funds and certain of the actuarial valuations of the Retirement Funds 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.labfchicago.org; www.chipabf.org; and www.fabf.org); provided, however, that the contents of these reports and of the Retirement Funds' websites are not incorporated herein by such reference.

Members of each Retirement Fund are eligible (individually, an "Eligible Member," and collectively, "Eligible Members") for an annual annuity payment (the "Annuity Benefits") if they meet certain age, years of service and prior service credit requirements (the "Eligibility Factors"). Benefits to each Eligible Member are statutorily established based on a combination of the Eligibility Factors and the Eligible Member's average annual salary for certain years prior to retirement (the "Annuity Factors").

Annuity Benefits for each of the Retirement Funds are funded from three sources: (i) contributions from the City (the "City Contributions") which are funded from the proceeds of a property tax levy (the "Pension Levy") on all taxable property located within the City or other available funds ("Other Pension Available Funds"), including payments from the Department on behalf of Sewer System employees, (ii) contributions from Eligible Members (the "Employee Contributions," and together with the City Contributions, the "Contributions"), and (iii) investment returns. The Department has historically contributed its pro rata share of City Contributions to the Retirement Systems (the "Department Portion") based on the Annuity Factors for the number of Sewer System employees who are Eligible Members. See APPENDIX D—"CITY OF CHICAGO, ILLINOIS SEWER FUND BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023, AND INDEPENDENT AUDITOR'S REPORT—Notes to Basic Financial Statements – 6. Pension Plans." Pension liabilities are not recorded at the fund level for the Sewer Revenue Fund.

The City Contributions and Employee Contributions are each established by the Illinois Pension Code (the "Pension Code"). Historically, the Contributions required under the Pension Code do not relate to, and in prior years were substantially less than, the contribution amounts that would have been required if the Retirement Funds were funded based on actuarial determinations of the contribution amounts necessary to fully fund the Annuity Benefits to Eligible Members of each Retirement Fund over an extended period. See "INVESTMENT CONSIDERATIONS – Unfunded Pensions" herein. In an effort to improve the funded status of the Retirement Funds, the Illinois General Assembly passed Public Act 96-1495 ("P.A. 96-1495"), which modified provisions of the Pension Code with respect to PABF and FABF, and Public Act 100-23 ("P.A. 100-23") which modified provisions of the Pension Code with respect to MEABF and LABF.

P.A. 96-1495, as later amended by Public Act 99-506, provides for the City to contribute the actuarially determined amounts necessary to achieve a 90 percent funded ratio in the Public Safety Funds by 2055, but made no changes to the Annuity Benefits for Eligible Employees hired before January 1, 2011 and established Annuity Benefits for Eligible Members hired on or after January 1, 2011 based on the Annuity Factors, but with the average annual salary capped at a certain amount, and the annual increases to the Annuity Benefits tied to the lesser of 3.0 percent or the consumer price index. Additionally, for Eligible Members hired on or after January 1, 2011, P.A. 96-1495 reduced a survivor's Annuity Benefit equal to 2/3 of the Annuity Benefits that the deceased Eligible Member was receiving at the time of his or her death.

The Pension Code establishes Annuity Benefits for Eligible Members of the Municipal and Laborers' Funds hired prior to January 1, 2011 based on the Annuity Factors, subject to 3 percent automatic annual increases after the Eligible Members' first full year of retirement and Annuity Benefits for Eligible Members hired on or after January 1, 2011 based on the Annuity Factors, but with the average annual salary capped at a certain amount, and the annual increases to the Annuity Benefits are tied to the consumer price index. Further, the Pension Code establishes the Employee Contribution for MEABF and LABF Eligible Members hired prior to January 1, 2017 at 8.5 percent of the salary of each employee on an annual basis. Pursuant to P.A. 100-23, MEABF and LABF Eligible Members hired on or after January 1, 2017 ("New Members") will contribute 11.5 percent of their salaries to their respective Retirement Funds and will be eligible for benefits at age 65 (as opposed to age 67 for Eligible Members hired between January 1, 2011 and January 1, 2017) ("Tier II Member"). In addition, Tier II Members of MEABF and LABF will be eligible to receive benefits at age 65 provided that such Tier II Members agree to contribute an additional 3.0 percent of their salaries to their respective Retirement Funds.

P.A. 100-23 requires that the City contribute the actuarially determined amounts required to achieve a 90 percent funded ratio in each of MEABF and LABF by 2058.

2024 Budgeted Contributions

The City's Fiscal Year 2024 budget includes the following contributions to the Retirement Funds (as indicated by total annual contribution and the Sewer Revenue Fund's proportional share): (i) \$1,127.8 million for MEABF, of which \$16.5 million, or less than two percent, is the Sewer Revenue Fund's proportional share; and (ii) \$149.9 million for LABF, of which \$17.3 million, or 11.5 percent, is the Sewer Revenue Fund's proportional share. In addition, the 2024 Sewer Fund budget includes \$14.6 million for indirect pension contributions chargeable to the Water Fund, and \$5.6 million pursuant to the Pension Funding Policy. These 2024 budgeted contributions include the advance pension contribution described below.

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

Pension Funding Policy

Beginning with the 2023 Budget year, the City published a new debt and pension management policy (the "**Pension Funding Policy**") that 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 CFO, 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.” It also provides that the advance contribution shall be paid on the first business day of the year in which such contributions are budgeted.

The 2024 advance pension contribution, for approximately \$306.6 million, was included in the 2024 Budget adopted by the City Council on November 15, 2023 (the “**2024 Advance Pension Contribution**”). These advance pension contributions, in addition to preventing an increase in the City’s net pension liability, also help avoid market losses due to asset liquidations by the pension funds. In accordance with the Pension Funding Policy, the 2024 Advance Pension Contribution was paid in January 2024. The 2024 Advance Pension Contribution is included in the figures cited above under “2024 Budgeted Contributions.” As part of the Pension Funding Policy, the Sewer Revenue Fund pays its proportionate share of the Advance Pension Contribution. For Budget Year 2024, that payment was approximately \$3.2 million for MEABF and \$2.4 million for LABF.

2024 ADVANCE PENSION CONTRIBUTION BY RETIREMENT FUND
(\$ IN MILLIONS)

Retirement Fund	Amount
MEABF	\$178.1
LABF	20.3
PABF	79.9
FABF	28.3
Total:	\$306.6

The City intends to include the investment losses and gains in line with the current practices for the statutory contribution. In 2022, a 12.1% investment loss increased the 2024 pension contribution by \$141 million and such losses were included in the Fiscal Year 2024 Budget and are included in the current City’s out-year financial planning. Projections of future pension contributions incorporate an a reduction in the discount rate used by MEABF from 7.00% to 6.75% beginning in fiscal year 2023.

Under the Pension Funding Policy, the City projects that it may contribute advance funding amounts of approximately \$1.1 billion through 2030, resulting in reduced required contributions of \$3.9 billion from 2031 to 2058, resulting in a net reduction in total future pension contributions of \$2.8 billion overall and of \$60 million in Sewer Fund contributions. These advance contributions to all four funds will help stabilize the overall level of the City’s total net pension liability and prevent significant liquidation losses.

The Pension Funding Policy as described above is not a legal requirement to which the City is bound but represents practices that, as of the date of this Official Statement, the City intends to follow in connection with advance pension contributions. Subject to compliance by the City with the requirements of the Indenture and with applicable statutory requirements, the Pension Funding Policy may be changed, terminated in whole or in part, or disregarded in whole or in part at the City’s discretion. In addition, any advance pension contributions in 2025 and later years contemplated by the Pension Funding Policy would be subject to approval and appropriation by the City Council. No assurance can be given regarding future compliance by the City with the Pension Funding Policy.

INVESTMENT CONSIDERATIONS

The following discussion of investment considerations should be reviewed by prospective investors before purchasing the 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 Bonds on a timely basis or in full and could have an adverse effect on the liquidity and/or market value of the Bonds. The discussion does not address every possible factor that could negatively affect Gross Revenues or Net Revenues of the Sewer System. 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.

Interest on the Bonds could become subject to federal and/or State income tax as a result of changes in tax laws. For example, recent legislative tax proposals in the U.S. Congress would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including certain proposals that carry retroactive effective dates. The Bonds will not be subject to mandatory redemption, and the interest rates on the Bonds will not be subject to adjustment, in the event of any change in the tax treatment of interest on the Bonds. In such event, the market value of and ability of owners to sell the Bonds could be adversely affected. No assurance can be provided, and no predictions can be made, as to whether there will be any change in tax laws relating to state and local government bonds, including the Bonds, or to what effect.

Investors in the Bonds should consult their own financial and tax advisors in connection with their purchase of the Bonds.

Effect of Potential Future Rating Downgrades

The City does not anticipate that any potential credit downgrades would affect collection or availability of Net Revenues in any material respect. However, such events could have an adverse effect on the Sewer System because the interest rate the City pays on new issuance of Sewer System debt is highly dependent on the Sewer System debt credit ratings and the City funds ongoing capital improvement projects to the Sewer System, in part, through the sale of indebtedness of the Sewer System. Downward changes in the Sewer System debt ratings could significantly increase the cost, or decrease the availability, or both, of such borrowing. If this occurs, additional pressure may be placed on the Water System debt interest rates or capital funding.

Additionally, rating downgrades may have an adverse effect on the market value or liquidity of the Bonds.

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 "FINANCIAL OPERATIONS - Pension Costs." Future required contribution increases may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the services provided by the City or limit the City's ability to generate additional revenues in the future.

Uncertain Enforcement Remedies

The remedies available to bondholders upon nonpayment of principal of or interest on the Bonds are uncertain and in many respects dependent upon discretionary judicial actions. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Remedies.”

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a default in the payment of principal of and interest on the Bonds when due.

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 prohibition on municipal bankruptcies 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 that authority is acted upon, there is no guarantee that the bankruptcy court would consider the Bondholders to have a secured claim under the Bankruptcy Code with respect to Second Lien Bond Revenues and amounts on deposit in the Second Lien Construction Accounts that are derived from the remittance of Gross Revenues into the City’s Sewer Revenue Fund. The Sewer Revenue Fund is not held by the Trustee, and is not subject to a statutory lien in favor of the Bondholders. In addition, the Second Lien Bond Revenues may not be “special revenues” as defined in the Bankruptcy Code.

The opinions of Co-Bond Counsel and the City’s Corporation Counsel as to the enforceability of the City’s obligations pursuant to the Indenture and to make payments on the Bonds are qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City. See APPENDIX E – “PROPOSED FORM OF OPINION OF CO-BOND COUNSEL.”

Operational Security and Cybersecurity of the Sewer System

Operational Security of the Sewer System

The physical damage to the Sewer System resulting from vandalism, sabotage, natural disasters or terrorist activities may adversely affect the operations of the Sewer System. While the Department maintains robust procedures and capabilities to ensure the physical security of the System, including (i) collaboration with the City’s Office of Emergency Management and Communications (OEMC), which provides the Department with access to the citywide network of video cameras to allow 24/7 surveillance of the Sewer System, (ii) as part of the Department’s ongoing partnership with law enforcement agencies, including the Chicago Police Department, the US Coast Guard, the FBI and the Department of Homeland Security, and (iii) elevated enhancement of physical security of the Sewer System and sewer access points in advance of large-scale public events and/or in response

to any intelligence received indicating a potential threat, there can be no complete assurance that the City's comprehensive security, emergency preparedness and response plans will completely prevent or mitigate all such potential physical damage, or that the costs of maintaining such security measures will not be greater than currently anticipated.

Cybersecurity of the Sewer System

The Department relies on information technology systems with respect to customer service and billing and accounting. In addition, the Department relies on these systems to track utility assets and to manage maintenance and construction projects, materials and supplies. A loss of these systems, or major problems with the operation of these systems, could have a material adverse effect on the financial condition and the operating condition of the Department. Information technology systems may be vulnerable to damage or interruption from the following types of cybersecurity attacks or other events:

- power loss, computer systems failures, and internet, telecommunications or data network failures;
- operator negligence or improper operation by, or supervision of, employees;
- physical and electronic loss of data;
- computer viruses, cyber security attacks, intentional security breaches, hacking, denial of service actions, misappropriation of data and similar events; and
- difficulties in the implementation of upgrades or modification to information technology systems.

Although the Department does not believe that its systems are at a materially greater risk of cybersecurity attacks than other similar utilities, its information technology systems may be vulnerable to damage or interruption from the types of cybersecurity attacks or other events listed above or other similar actions, and such incidents or other events may be unprecedented and may go undetected for a period of time.

Force Majeure Events

Certain unanticipated events beyond the City's control could have a material adverse effect on the Department's and City's operations and financial conditions if they were to occur. These events include fire, flood, excessive snowfall, earthquake, pandemic, epidemic, 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 and unanticipated events. No assurance can be provided that such events will not occur, and, if any such events were to occur, the effect of such event or events on the Department's and City's operations and financial condition on the Net Revenues Available for Bonds cannot be predicted.

Debt Covenant

The City is obligated to comply with the Rate Covenant. Failure to comply with the Rate Covenant, if not cured or waived, could result in the City being required to repay or finance the related borrowings before their due date, limit future borrowings, cause cross-default issues, and increase borrowing costs. If forced to repay or refinance (on less favorable terms) these borrowings, the Department's business, financial condition, and results of operations could be adversely affected by increased costs and rates.

Limited Obligations

The Bonds are limited obligations of the City payable solely from Net Revenues. The Bonds are not secured by a lien upon any physical properties of the Sewer System, nor has the City established a debt reserve fund or obtained any third-party credit enhancement, credit support or surety bond with respect to the Bonds.

Environmental Regulations

The City is subject to state and federal environmental laws and regulations applicable to the Sewer System's overflows into Chicago area waterways. These laws and regulations are subject to change, and the City may be required to expend substantial funds to meet the requirements of such changing laws and regulations in the future. Failure to comply with these laws and regulations may result in the imposition of administrative, civil and criminal penalties, or the imposition of an injunction requiring the City to take or refrain from taking certain actions. In addition, the City may be required to remediate contamination on properties owned or operated by the City or on properties owned by others, but contaminated as a result of City operations.

Sewer services are governed by various federal and state environmental protection and health and safety laws and regulations, including the federal Clean Water Act and similar state laws, and federal and state regulations issued under these laws by the EPA and IEPA. These laws and regulations establish, among other things, criteria and standards for wastewater and for discharges into the waters of the United States and nearby states. Pursuant to these laws, the Department is required to obtain various environmental permits for operations. Violations or noncompliance could result in fines or other sanctions by regulators and/or such violations or noncompliance could result in civil suits. Environmental laws and regulations are complex and change frequently. These laws, and the enforcement thereof, have tended to become more stringent over time. While the Department has budgeted for future capital and operating expenditures to comply with these laws and permitting requirements, it is possible that new or stricter standards could be imposed that will require additional capital expenditures or raise operating costs.

Climate Change

The City is vulnerable to the effects of extreme weather events including, but not limited to, flooding, extreme fluctuations in weather 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.

LITIGATION

There are no pending legal proceedings to which the City is a party or to which any of its property is subject that may materially affect the City's ability to pay the principal of and interest on the Bonds when they become due.

The City is or may become a defendant to 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. However, there is neither litigation pending nor, to the best of the City's knowledge, threatened, seeking to restrain or enjoin the issuance or delivery of the Bonds, or except as disclosed herein, materially adversely affecting the collection, pledge or application of any moneys or security provided for the payment of the Bonds. The City expects that the resolution of the matters disclosed below will not affect the City's obligation to satisfy the Rate Covenant.

Danahy v. City of Chicago. This case is a putative class action in federal court in the Northern District of Illinois challenging the City's use of different billing rates and procedures for water and sewer usage for metered and non-metered properties. Plaintiffs allege that the City's policies result in overcharging non-metered water customers, and they assert due process and equal protection claims on behalf of a putative class. Plaintiffs seek damages and restitution of the allegedly illegal charges. The City is vigorously defending this case.

Farmer v. City of Chicago. This case is a putative class action that was filed in the Circuit Court of Cook County, Illinois challenging the reasonableness of the City's water rates and sewer rates. The plaintiff's Fourth Amended Complaint alleges that the various exemptions for hospitals, certain government organizations and non-profits and cost allocations in the City's recent budget ordinances caused her water and sewer rates to be higher. The plaintiff is requesting, on behalf of a class of City water and sewer customers, "disgorgement" of the excess charges in the period 2016 to the present. The City has moved to dismiss the amended complaint, and a decision is pending. The City is vigorously defending this case.

Grabowski v. City of Chicago. This case is a putative class action in the Circuit Court of Cook County, Illinois challenging the City's processes for refunding overpayments related to utility billing accounts. In particular, the suit seeks the return of any account credits to individuals who have moved or otherwise canceled their utility service since 2017. In September 2024, the Court dismissed the case with prejudice. Plaintiff has filed a motion to reconsider the dismissal which is still pending before the Court.

Sweet Home Chicago Management LLC, Community Partners, LLC, et al v. City of Chicago. This case is a putative class action in federal court in the Northern District of Illinois that contends that City does not provide an adequate process for water customers to challenge their water bills or obtain refunds. The plaintiffs assert a due process claim and allege that the City required them to pay outsized water bills that resulted from defective water meters, and that the City refused to discount or credit them for erroneous payments. They seek unspecified damages on behalf of themselves and other Chicago water customers whose properties allegedly had defective water meters or who were allegedly denied an opportunity to challenge their water bills. In response, the City has asserted a counterclaim and an affirmative defense against the plaintiffs, seeking to recover any outstanding debt

owed by the plaintiffs for water, sewer, and garbage services. Fact discovery recently began. The City is vigorously defending this case.

FINANCIAL STATEMENTS

The basic financial statements of the City of Chicago, Illinois Sewer Fund as of and for the year ended December 31, 2023 and included by specific reference in APPENDIX D to this Official Statement (the “Audit”) have been audited by Deloitte & Touche LLP, an independent auditor (the “Auditor”), as stated in their report referenced herein. 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 engaged RSI Group LLC and Acacia Financial Group, Inc. as its financial advisors (the “Co-Financial Advisors”) in connection with the issuance and sale of the Bonds. The Co-Financial Advisors have provided advice on the plan of finance and structure of the Bonds and have reviewed certain documents, including this Official Statement, with respect to financial matters.

The Co-Financial Advisors have not independently verified the factual information contained in this Official Statement but have relied on the information provided by the City and other sources. The Co-Financial Advisors make no representation, warranty, or guarantee regarding the accuracy or completeness of the information in this Official Statement. The Co-Financial Advisors will receive compensation contingent upon the sale and delivery of the Bonds and its fees are expected to be paid from proceeds of the Bonds. The Co-Financial Advisors are providing certain specific municipal advisory services to the City but are neither placement agents to the City nor brokers/dealers.

The Co-Financial Advisors are “municipal advisors” as defined in SEC Rule 15Ba1-1 (the “SEC Rule”).

UNDERWRITING

Cabrera Capital Markets LLC, 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, to purchase the Bonds at a price equal to \$152,865,152.45 (which represents the aggregate principal amount of the Bonds, plus an original issue premium of \$15,326,115.70, less an Underwriters’ discount of \$720,963.25).

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

The 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 Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the 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 Bonds to the public.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

One of the Underwriters, PNC Capital Markets LLC, may offer to sell the Bonds to its affiliate, PNC Investments, LLC (“PNCI”). Securities in PNC Capital Markets LLC’s inventory for resale to PNCI’s customers may include securities such as those offered by the City.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the separate approving opinions of ArentFox Schiff LLP, Chicago, Illinois and Zuber Lawler LLP, Chicago, Illinois, Co-Bond Counsel. The proposed form of their respective opinions are included herein as APPENDIX E – “PROPOSED FORM OF OPINION OF CO-BOND COUNSEL.”

Certain legal matters will be passed on for the City by (i) its Corporation Counsel, and (ii) in connection with the preparation of this Official Statement, Charity & Associates, P.C., Chicago, Illinois, and BurgherGray LLP, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed on for the Underwriters by Croke Fairchild Duarte & Beres LLC, Chicago, Illinois.

TAX MATTERS

Federal Income Tax

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed with them, and certain other matters. The City has covenanted to comply with all requirements and restrictions that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

In the respective opinions of Co-Bond Counsel, under present law, interest on the Bonds is excludable from the gross income of their owners for federal income tax purposes and thus is exempt from present Federal income taxes based upon gross income. Interest on the Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative income tax. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the issuance of the Bonds and continuing compliance by the City and others with the above-referenced covenants.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations operating branches in the United States), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Co-Bond Counsel will express no opinion with respect to any such collateral consequences with

respect to the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding the collateral consequences arising with respect to the Bonds described in this paragraph.

Discount and Premium

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased the Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers of the Bonds should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond for a price in excess of its stated principal amount at maturity. (Such Bond is referred to as a "Premium Bond"). Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the amount of tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Premium Bond.

Owners of Bonds who dispose of Bonds prior to their stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering at a price different from their issue price, or purchase Bonds subsequent to the initial public offering should consult their own tax advisors as to the federal, state or local tax consequences of such dispositions or purchases.

State and Local Taxes

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

Basis of Bond Counsel Opinions

The respective opinions of Co-Bond Counsel to be delivered concurrently with the delivery of the Bonds and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are issued. There can be no assurance that such law or those interpretations will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the market value or liquidity or the tax treatment of ownership of the Bonds. Co-Bond Counsel have not undertaken to provide advice with respect to any such future changes.

The opinion of Bond Counsel expresses the professional judgment of the attorneys rendering the opinion on the legal issues explicitly addressed in the opinion. By rendering a legal opinion, the opinion giver does not undertake to be an insurer or guarantor of the expression of professional judgment, of the transaction opined upon,

or of the future performance of the parties to the transaction. Rendering an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

In rendering their opinions, Co-Bond Counsel will receive and rely upon certifications and representations of facts, calculations, estimates and expectations furnished by the City and others which Co-Bond Counsel will not have verified independently.

Risk of Audit

The Internal Revenue Service (“IRS”) conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the Bonds cannot be predicted. If the IRS begins an audit of the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer subject to the audit and the holders of the Bonds may not have the right to participate in the audit proceedings. The fact that an audit of the Bonds is pending could adversely affect the liquidity or market price of the Bonds until the audit is concluded even if the result of the audit is favorable.

Legislation

From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to in this section, or adversely affect the market price or liquidity of tax-exempt bonds of the character of the Bonds. In some cases, these proposals have included provisions that had a retroactive effective date. It cannot be predicted whether or in what form any such proposal might be introduced in Congress or enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Co-Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

Backup Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner of Bonds who fails to provide an accurate Form W-9 Payers Request for Taxpayer Identification Number, or a substantially identical form, or to any such owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the Beneficial Owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) to enable the Underwriters to meet the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the SEC under the 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 which 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 Bonds, the Indenture or the Bond Ordinance, and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. See “—Consequences of Failure of the City to Provide Information” under this caption. 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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 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 to EMMA its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB, commencing with the Audited Financial Statements for the fiscal year ended December 31, 2024, prepared in accordance with generally accepted accounting principles applicable to government units (as described below).

“Annual Financial Information” means financial information and statistical data generally consistent with that contained in this Official Statement (i) under the caption “SEWER SYSTEM — General,” the table captioned “Sewer System Service Area Population,” (ii) under the caption “DEPARTMENT OF WATER MANAGEMENT,” the table captioned “Historical and Projected Capital Improvement Program Funding by Source” (only with respect to the total amounts for the previous five years), and (iii) under the caption “FINANCIAL OPERATIONS,” the table captioned “Historical Sewer Rates” (only with respect to the previous five years and only the “Per 1,000 Gallons” column), the table captioned “Water System and Sewer System Accounts,” (only with respect to the Sewer System accounts for the previous five years), the table captioned “Annual Net Sewer Charges” (only with respect to the previous five years) and the table captioned “Historical and Projected Financial Operations” (only with respect to the previous five years).

“Audited Financial Statements” means the audited basic financial statements of the Sewer Revenue Fund 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, 2024) will be provided to the MSRB on EMMA, not more than 210 days after the last day of the Sewer System’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 disseminate in a timely manner, not in excess of ten business days after occurrence, to the MSRB the disclosure of the occurrence of a Reportable Event (defined below). Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Exchange Act. The “Reportable Events,” certain of which may not be applicable to all Series of the Bonds, are:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the respective Series of Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the respective Series of Bonds, if material;
- (k) rating changes;
- (l) 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 the jurisdiction of the City 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);
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the Sewer System, 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;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) 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 of Bonds, if material; or

(p) 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 (o) and (p) of the Reportable Events above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of any of the foregoing. The term “financial obligation” does 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 Bonds, the Beneficial Owner of any Bond 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 Bonds, the Bond Ordinance, or the Indenture, 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.

Amendments; 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 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 primary offering, 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 Bonds, as determined by a party unaffiliated with the City (such as Co-Bond Counsel), or by approving vote of the Beneficial Owners of the Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver; 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 if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance or the Indenture.

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 has 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 November 13, 2019 and ending on November 13, 2024 (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 certain portions of the information defined as “Annual Financial Information” in the applicable continuing disclosure undertaking for the applicable bond issue(s) described below.

Category A Corrective Actions

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 Auditors' 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 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 Auditors' 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"). 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.

Category B Corrective Actions

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information including a certain capital improvements table for the year 2019 in connection with the City's General Obligation Bonds, Project and Refunding Series 2014A and Taxable Project and Refunding Series 2014B (the "Series 2014AB Bonds"). In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the year 2019 with respect to the Series 2014AB Bonds.

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis a certain capital improvements table for the years 2018 and 2019 in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A and Refunding Series 2017B (the "Series 2017AB Bonds"). In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2018 and 2019 with respect to the Series 2017AB Bonds.

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 Global Ratings 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 RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement) pertaining to the City's General Obligation Bonds, Series 2019A and General Obligation Refunding Bonds, Series 2020A. On December 8, 2021, the City also filed the redacted Wells Fargo Line of Credit Agreement with EMMA. On January 25, 2022, the City filed the redacted RBC Line of Credit Agreement with EMMA.

On April 11, 2023, S&P Global Ratings 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 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.

VERIFIER

Robert Thomas, CPA, LLC (the "Verifier"), upon delivery of the Bonds, will deliver to the City, Co-Bond Counsel and the Underwriters a report stating that the firm, at the request of the City and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to the sufficiency of the principal and interest received from the investment in the Defeasance Obligations, together with any initial cash deposit, to meet the timely payment of the applicable principal or redemption price of and interest on the Refunded Bonds. The Verifier will express no opinion on the attainability of any assumptions or the tax-exempt status of the Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains certain statements relating to future actions or results that are forward-looking statements. When used in this Official Statement, the words “estimate,” “intend,” “expect”, “project” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause future actions and 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, Bondholders and potential investors should be aware that there are likely to be differences between forward-looking statements and future actions and actual results; those differences could be material. Neither the City nor the Underwriters 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 Bonds, the security for the payment or purchase of the 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 Rule 15c2-12 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 opinions or 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 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 Bonds by the Underwriters, has been duly authorized and approved by the City.

CITY OF CHICAGO

By: /s/ Jill Jaworski
Chief Financial Officer

APPENDIX A
GLOSSARY OF CERTAIN TERMS

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APPENDIX A

GLOSSARY OF CERTAIN TERMS

The following are definitions of certain terms used in the Bond Ordinance, the Indenture and this Official Statement. This glossary is provided for the convenience of the reader and does not purport to be comprehensive or definitive.

“Aggregate Second Lien Bonds Requirement” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to 100 percent of Aggregate Second Lien Debt Service with respect to such Bond Year or other specified 12-month period with respect to the Second Lien Bonds of all Series and all Section 2.8 Obligations and Section 2.9 Obligations, provided that for purposes of Section 4.6 under the Indenture, “Aggregate Second Lien Bonds Requirement” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, 100 percent of Annual Second Lien Debt Service with respect to such Bond Year or other specified 12-month period, and for purposes of calculating interest payable during such Bond Year or other specific 12-month period in respect of any Variable Rate Bonds, the rate of interest shall be assumed to equal the rate of interest paid with respect to such Variable Rate Bonds on the Interest Payment Date immediately preceding the date of calculation.

“Aggregate Second Lien Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amounts required by the provisions of all Supplemental Indentures creating series of Second Lien Bonds and all instruments creating Section 2.8 Obligations and Section 2.9 Obligations to be deposited from Second Lien Bond Revenues in all sub-funds, accounts and subaccounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period.

“Aggregate Senior Lien Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate of the amounts of Annual Senior Lien Debt Service with respect to such Bond Year or other specified 12-month period and to the Senior Lien Bonds of all series.

“Aggregate Subordinate Lien Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate of the amounts of Annual Subordinate Lien Debt Service with respect to such Bond Year or other specified 12-month period and to the Subordinate Lien Obligations of all series.

“Annual Second Lien Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period and with respect to Second Lien Bonds of a particular series or consisting of a particular Section 2.8 Obligations or Section 2.9 Obligations, an amount of money equal to the sum of (a) all interest, costs or fees payable during such Bond Year or other specified 12-month period with respect to all Second Lien Bonds of said series, such Section 2.8 Obligations and Section 2.9 Obligations Outstanding on said date of computation and (b) all Principal Installments payable during such Bond Year or other specified 12-month period with respect to all Second Lien Bonds of said series, such Section 2.8 Obligations and Section 2.9 Obligations Outstanding on said date of computation, all calculated on the assumption that such Second Lien Bonds, Section 2.8 Obligations and Section 2.9 Obligations will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such series or the instrument creating such Section 2.8 Obligations or Section 2.9 Obligations of Principal Installments payable at or after said date of computation.

“Annual Senior Lien Debt Service” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and with respect to Senior Lien Bonds of a particular series, an amount of money equal to the sum of (a) all interest payable during such Bond Year or other specified 12-month period on all Senior Lien Bonds of said series Outstanding on said date of computation and (b) all Principal Installments payable during such Bond Year or other specified 12-month period with respect to all Senior Lien Bonds of said series Outstanding on said date of computation, all calculated on the assumption that Senior Lien Bonds will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Senior Lien Bond Ordinances of Principal Installments payable at or after said date of computation.

“Annual Subordinate Lien Debt Service” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and with respect to Subordinate Lien Obligations of a particular series, an amount of money equal to the sum of (a) all interest payable during such Fiscal Year or other specified 12-month period on all Subordinate Lien Obligations of said series Outstanding on said date of computation and (b) all Principal Installments payable during such Fiscal Year or other specified 12-month period with respect to all Subordinate Lien Obligations of said series Outstanding on said date of computation, all calculated on the assumption that Subordinate Lien Obligations will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Subordinate Lien Obligation Ordinances of Principal Installments payable at or after said date of computation.

“Authorized Denomination” means \$5,000 and any integral multiple of \$5,000.

“Authorized Officer” means (a) the Chief Financial Officer of the City or, if the position of Chief Financial Officer is vacant or if the Chief Financial Officer so determines and designates, the City Comptroller as long as such designation is effective, 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.

“BAM” means Build America Mutual Assurance Company, or any successor thereto.

“Beneficial Owner” means the owner of a beneficial interest in Second Lien Bonds issued under the Indenture 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 Debt Service Requirement” means, for any Fiscal Year, the principal of and interest on the Outstanding Senior Lien Bonds required to be paid in that Fiscal Year. Any Outstanding Senior Lien Bonds required to be redeemed pursuant to a mandatory sinking fund redemption shall be treated for these purposes as being due on the date they are required to be redeemed and not on their stated maturity dates. If the City has entered into an Interest Rate Hedge Agreement with respect to all or any portion of the Outstanding Senior Lien Bonds, the interest payable on such Senior Lien Bonds shall be deemed to be the amount payable under the Interest Rate Hedge Agreement for the years in which the Interest Rate Hedge Agreement is in effect. If the City is to pay a variable rate pursuant to the Interest Rate Hedge Agreement, the variable rate calculation shall be made as follows: for purposes of computing the interest payable on any Outstanding Senior Lien Bonds issued as Variable Rate Bonds in any future Fiscal Year or other specified future 12-month period, the rate of interest shall be assumed to equal the highest monthly average rate of interest paid with respect to such Variable Rate Bonds during the 12 months preceding the date of such calculation, plus 0.5 percent, or if such Variable Rate Bonds were not Outstanding during the entire 12-month period preceding the date of calculation, the highest monthly average rate of interest paid with respect to comparable debt obligations having a comparable interest rate determination method, interest rate period and rating during such 12-month period, plus 0.5 percent.

“Bond Debt Service Reserve Account” means the separate account of that name previously established for the Senior Lien Bonds in the Sewer Revenue Fund and described in the Bond Ordinance.

“Bond Debt Service Reserve Account Credit Enhancement Instrument Coverage” means, with respect to any Credit Enhancement Instrument for the Bond Debt Service Reserve Account on any date of determination, the amount available to pay principal of and interest on the Senior Lien Bonds under that Credit Enhancement Instrument, including amounts owed pursuant to an Interest Rate Hedge Agreement with respect to such Senior Lien Bonds to the extent such amounts constitute interest.

“Bond Debt Service Reserve Requirement” means, as of any date of computation, an amount equal to the sum of that amount established in the Senior Lien Bond Ordinance authorizing the Outstanding Senior Lien Bonds, not to exceed the least of (A) the highest future Bond Debt Service Requirement of the Outstanding Senior Lien Bonds in any Fiscal Year including the Fiscal Year in which the date of computation falls; (B) 10 percent of the original principal amount of the Outstanding Senior Lien Bonds (less any original issue discount); or (C) 125 percent of the average annual Bond Debt Service Requirement for the Outstanding Senior Lien Bonds. Outstanding Senior Lien Bonds required to be redeemed pursuant to a mandatory sinking fund redemption shall be treated for purposes of this definition as being due on the dates they are required to be redeemed and not on their stated maturity dates.

“Bondholder” or *“Owner”* means the person in whose name any Second Lien Bond is registered on the registration books of the City kept by the Trustee.

“Bond Principal and Interest Account” means the separate account of that name previously established for the Senior Lien Bonds in the Sewer Revenue Fund and described in the Bond Ordinance.

“Bonds” means the Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024B, authorized by the Bond Ordinance and issued under the Indenture.

“Bond Year” means, for the Bonds and the Series 2023 Second Lien Bonds, the Fiscal Year.

“Business Day” means any day of the year on which banks located in the city, or cities, respectively, in which are located the designated corporate trust office of the Trustee, the principal office of any Remarketing Agent and the office of the provider of a Credit Enhancement Instrument at which drawings under the Credit Enhancement Instrument are to be made, are not required or authorized to remain closed and on which The New York Stock Exchange, Inc. is not closed.

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

“Cash on Hand” means the sum of cash, cash equivalents, liquid investments and marketable securities in the Sewer Revenue Fund (excluding any such items in the Senior Lien Rebate Accounts, Second Lien Bonds Account, Subordinate Lien Obligations Account, Commercial Paper Account and Line of Credit Account).

“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 instruments, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any Certificate 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 Authorized Officer signing such Certificate knows that the opinion or representation with respect to the matters upon which such Certificate may be based is erroneous. The same Authorized Officer, or the same counsel or accountant 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 Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

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

“City” means the City of Chicago.

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

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

“Code” means the Internal Revenue Code of 1986, as amended. References to the Code and to sections of the Code shall include relevant final, temporary or proposed Regulations as in effect from time to time and, with reference to any series of Second Lien Bonds, as applicable to obligations issued on the date of issuance of such series.

“Commercial Paper and Line of Credit Account” means the separate account of that name previously established in the Sewer Revenue Fund by prior Second Lien Bond Ordinances.

“Commercial Paper Notes” means obligations commonly described as “commercial paper” issued by the City from time to time payable from the Commercial Paper and Line of Credit Account pursuant to the Series 2012 Bond Ordinance.

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

“Costs of Issuance” means any item of expense payable or reimbursable, directly or indirectly, by the City and related to the authorization, offering, sale, issuance and delivery of Second Lien Bonds, including but not limited to travel and other expenses of any officer or employee of the City in connection with the authorization, offering, sale, issuance and delivery of such Second Lien Bonds, printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and disbursements of financial advisors, accountants and engineers, initial fees and charges of the Trustee, legal fees and disbursements, fees and disbursements of other consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of such Second Lien Bonds, application fees and premiums on municipal bond insurance, surety bond and credit facility charges and costs.

“Counsel’s Opinion” means a written opinion of counsel selected by the City (who may be the Corporation Counsel for the City).

“CP/Line of Credit Notes Revenues” means all sums, amounts, funds or monies which are deposited to the Commercial Paper and Line of Credit Account pursuant to the Indenture.

“Credit Enhancement Instrument” means, with respect to all or a portion of a series of Second Lien Bonds issued under the Indenture, a letter of credit, a line of credit, a standby purchase agreement, a financial guaranty insurance policy, a surety bond, or a similar instrument providing credit support and/or liquidity support with respect to such Second Lien Bonds.

“Days’ Cash on Hand” means Cash on Hand, divided by the quotient of (i) operating expenses, as shown on the most recent audited financial statements of the Sewer Revenue Fund, and (ii) 365.

“Defeasance Obligations” means:

- (i) cash,
- (ii) United States Treasury bills, notes and bonds or certificates of indebtedness the principal of and interest on which are unconditionally guaranteed by, the United States of America;
- (iii) trust receipts or other certificates of ownership evidencing an ownership interest in the principal of or interest on, or both principal of and interest on, obligations described in clause (ii) of this definition, which obligations are held in trust by a bank, which has capital of not less than \$250,000,000, provided that such bank holds such obligations separate and segregated from all other funds and accounts of the City and of such bank and that a perfected first security interest under the Illinois Uniform Commercial Code, or under book entry procedures prescribed by federal law or regulations now in effect or other similar book entry procedures prescribed by federal law or regulations adopted after the date of adoption of the Indenture, has been created in such obligations for the benefit of the applicable account in the Sewer Revenue Fund or, to the extent permitted, in any irrevocable trust or escrow established to make provision for the payment and discharge of the indebtedness on all obligations which are payable from Net Revenues; and
- (iv) obligations, participation or other instruments of or issued by a federal agency or United States government-sponsored enterprise or instrumentality, including but not limited to Fannie Mae, the Federal Home Loan Mortgage Corporation, the United States Postal Service, the Government National Mortgage Association and the Federal Financing Bank.

“Deputy City Clerk” means the duly appointed and qualified person serving as the Deputy City Clerk of the City.

“Depository” means any bank, trust company, national banking association, savings bank or other banking association selected by the Authorized Officer as a depository of moneys and securities held in any Second Lien Construction Account and in the Bond Principal and Interest Account, the Bond Debt Service Reserve Account, the Senior Lien Rebate Account, the Second Lien Bonds Account, the Second Lien Bonds Debt Service Reserve Account, and the Second Lien Rebate Account under the provisions of the Senior Lien Bond Ordinance, the Second Lien Bond Ordinances for the Outstanding Second Lien Bonds, and the Indenture.

“Determination Certificate” means a Certificate of an Authorized Officer with respect to one or more series of Second Lien Bonds filed with the office of the City Clerk, addressed to the City Council, as provided in the applicable Second Lien Bond Ordinance or Second Lien Bond Ordinances.

“DTC” means The Depository Trust Company, New York, New York, its successors and assigns.

“Electronic Means” shall mean the following communications methods: e-mail, fac-simile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Event of Default” means an Event of Default under the Indenture.

“Federal Subsidies” means (a) the direct payments by the Treasury to the City of a portion of the interest payable by the City on Series 2010B Second Lien Bonds and (b) to the extent available to the City after the effectiveness of the Indenture, payments by the Treasury to the City resulting from subsidies, tax credits or other incentives or benefits to state and local governments in connection with the issuance of debt obligations by such governments.

“Fiscal Year” means the period beginning January 1 and ending December 31 of any year.

“Governmental Obligations” means obligations described in clauses (ii), (iii), and (iv) of the definition of the term “Defeasance Obligations.”

“Gross Revenues” means all income and receipts from any source which under generally accepted accounting principles are properly recognized as being derived from the operation of the Sewer System, including without limitation (a) charges imposed for sewer service and usage, (b) charges imposed for inspections and permits for connection to the Sewer System, (c) grants (excluding grants received for capital projects) and (d) Investment Earnings. Gross Revenues do not include (a) amounts credited to customers on their bills, such as for the purchase price paid to such customers for capital assets of the sewer system or (b) Federal Subsidies unless the Chief Financial Officer designates such Federal Subsidies as amounts to be deposited into the Sewer Revenue Fund and subject to the lien of the Indenture.

“Hedge Counterparty” means the person or persons with which the City enters into an Interest Rate Hedge Agreement.

“IEPA” means the Illinois Environmental Protection Agency, and its successors and assigns, or in the case of IEPA Loans made pursuant to the IEPA Program, the authorized lender under such Program.

“IEPA Loan” means, collectively, the borrowing or borrowings by the City from the IEPA under the IEPA Program and evidenced by one or more loan agreements between the City and the IEPA setting forth the terms of an IEPA Loan.

“IEPA Program” means the Water Pollution Control Loan Program or any successor program administered by the State, and any similar program through which funds are authorized by the federal government, including the United States Environmental Protection Agency, and administered by the State or any federally authorized agency.

“Indenture” means the Master Indenture of Trust from the City to the Trustee, dated as of May 1, 2023, with respect to the Bonds, as supplemented by the Second Supplemental Indenture dated as of April 1, 2024 and the Fourth Supplemental Indenture dated as of December 1, 2024, and as amended or supplemented in accordance with the terms thereof, providing for the issuance of the Bonds.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor act and the regulations promulgated thereunder.

“Interest Payment Date” means, with respect to a series of Second Lien Bonds, January 1 and July 1 of each year, for Outstanding Second Lien Bonds, on the date specified in the applicable bond ordinance, trust indenture or Determination Certificate and, for the Series 2024 Second Lien Bonds and other Second Lien Parity Bonds issued under the Indenture, on the date specified in the applicable Supplemental Indenture.

“Interest Rate Hedge Agreement” means an interest rate exchange, hedge or similar agreement, with a Hedge Counterparty entered into in order to hedge or manage the interest payable on all or a portion of any series of Outstanding Senior Lien Bonds or any series of Second Lien Bonds, which agreement may include, without

limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent. Obligations of the City under an Interest Rate Hedge Agreement shall not constitute indebtedness of the City for which its full faith and credit are pledged or for any other purpose.

“Investment Earnings” means interest plus net profits and less net losses derived from investments made with any portion of the Gross Revenues or with any money in the accounts in the Sewer Revenue Fund (other than the rebate accounts established and held for the Senior Lien Bonds and Second Lien Bonds) described in the Senior Lien Bond Ordinance, applicable Second Lien Bond Ordinance or related Determination Certificate or Determination Certificates, or in the Indenture. Investment Earnings do not include interest or earnings on investments of moneys on deposit in any Senior Lien Construction Account, Second Lien Construction Account, or Subordinate Lien Construction Account.

“Insured Series 2024B Second Lien Bonds” means the Series 2024B Second Lien Bonds maturing on January 1 of the years 2030 through 2039, inclusive.

“Line of Credit Notes” means the Line of Credit Notes defined in and authorized by the Series 2012 Bond Ordinance, payable from the Commercial Paper and Line of Credit Account.

“Mayor” means the Mayor of the City.

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

“Net Revenues” means that portion of the Gross Revenues remaining in any period after providing sufficient funds for Operation and Maintenance Costs.

“Net Revenues Available for Bonds” means that portion of the Net Revenues remaining in any period, minus any amounts deposited during that period in the Sewer Rate Stabilization Account plus the amounts allocated from the Sewer Rate Stabilization Account as provided in the Indenture plus the amounts allocated from the Residual Account at the direction of the Chief Financial Officer as provided in the Indenture.

“Operation and Maintenance Costs” means all expenses reasonably incurred by the City in connection with the operation, maintenance, renewal, replacement and repair of the Sewer System that under generally accepted accounting principles are properly chargeable to the Sewer System and not capitalized, including, without limitation, salaries, wages, taxes, pensions and pension-related expenses, contracts for services, costs of materials and supplies, purchase of power, fuel, insurance, reasonable repairs and extensions necessary to render efficient service, the costs related to any Interest Rate Hedge Agreements, trustee’s and paying agents’ fees and all incidental expenses, but excluding any provision for depreciation or for interest on Senior Lien Bonds, Second Lien Bonds or other obligations for borrowed money payable from the Net Revenues Available for Bonds.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Outstanding” means, when used with reference to any series or subseries of Second Lien Bonds, all of such obligations that are outstanding and unpaid, provided that such term does not include:

- (a) Second Lien Bonds canceled at or prior to such date or delivered to or acquired by the trustee or paying agent for such Second Lien Bonds at or prior to such date for cancellation;
- (b) matured or redeemed Second Lien Bonds which have not been presented for payment in accordance with the provisions of the trust indenture or ordinance authorizing such series of Second Lien

Bonds and for the payment of which the City has deposited funds with the trustee or paying agent for such Second Lien Bonds;

(c) Second Lien Bonds for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Defeasance Obligations, in each case, the maturing principal of and interest on which will 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 Second Lien Bonds;

(d) Second Lien Bonds in lieu of or in exchange or substitution for which other Second Lien Bonds shall have been authenticated and delivered pursuant to the trust indenture or ordinance authorizing such series of Second Lien Bonds; and

(e) Second Lien Bonds owned by the City.

When used with respect to Senior Lien Bonds or Subordinate Lien Obligations, “*Outstanding*” shall have the meaning ascribed to such term in the Senior Lien Bond Ordinance or the related Subordinate Lien Obligation Ordinances, as applicable.

“*Outstanding Bonds*” means, collectively, the Outstanding Senior Lien Bonds and the Outstanding Second Lien Bonds.

“*Outstanding Second Lien Bond Indentures*” means, collectively, the Series 2001 Indenture, the Series 2008A Indenture, the Series 2008C Indenture, the Series 2010 Indenture, the Series 2015 Indenture and the Series 2017 Indenture.

“*Outstanding Second Lien Bonds*” means, collectively, the Outstanding Series 2001 Second Lien Bonds, the Outstanding Series 2008 Second Lien Bonds, the Outstanding Series 2010 Second Lien Bonds, the Outstanding Series 2015 Second Lien Bonds, the Outstanding Series 2017 Second Lien Bonds, the Outstanding Series 2023 Second Lien Bonds and the Outstanding Series 2024A Second Lien Bonds.

“*Outstanding Senior Lien Bonds*” means the Outstanding Series 1998A Senior Lien Bonds.

“*Paying Agent*” means such banking institution as may be appointed by the Chief Financial Officer as paying agent for a series of Second Lien Bonds, or any successor to it in that capacity appointed by the Chief Financial Officer and any co-paying agent separately appointed by the Chief Financial Officer.

“*Payment Date*” means any date on which a Principal Installment or interest on any series of Second Lien Bonds is payable in accordance with its terms and, in the case of Outstanding Second Lien Bonds, the terms of the applicable bond ordinance, trust indenture or Determination Certificate, in the case of the Series 2024 Second Lien Bonds and other Second Lien Parity Bonds, the terms of the Indenture and the Supplemental Indenture creating such series and, in the case of any Section 2.8 Obligations or amounts which are payable under any Section 2.9 Obligations, in accordance with the terms of the instrument creating such Section 2.8 Obligations or such Section 2.9 Obligations.

“*Permitted Investments*” means any of the following:

(a) United States Treasury bills, notes and bonds or certificates of indebtedness, the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) obligations, participations or other instruments of or issued by a federal agency or United States government-sponsored enterprise or instrumentality, including but not limited to Fannie Mae, the

Federal Home Loan Mortgage Corporation, the United States Postal Service, the Government National Mortgage Association and the Federal Financing Bank;

(c) debt obligations of any state of the United States or any other political or governmental subdivision of any state of the United States rated, at the time of purchase, no less than A-, or equivalent rating, by at least two accredited Rating Agencies, or have an equivalent credit enhancement instead of a second rating;

(d) investments fully collateralized at least 100% by a combination of bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, of any US State, or any political subdivision of a US State, which are rated at least AA, or equivalent rating, by at least two Ratings Agencies and maintaining such rating during the term of such investments;

(e) investments secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois 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;

(f) investments fully collateralized at least 100% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited Ratings Agency throughout the term deposit;

(g) repurchase agreements with banks or with government bond dealers reporting to, trading with, and recognized as primary dealers by a Federal Reserve Bank, provided (i) that the underlying securities are obligations described in clauses (a) or (c) of this definition and required to be continuously maintained at a market value not less than the amount so invested, (ii) the City has received an opinion of counsel to the effect that a custodian for the City has possession of the underlying securities as collateral and has a perfected first security interest in the collateral, and (iii) the collateral is in the opinion of such counsel free and clear of claims by third parties;

(h) obligations of any state of the United States of America or any political subdivision of a state or any agency or instrumentality of a state or political subdivision which are, at the time of purchase, rated by at least two Rating Agencies or have an equivalent credit enhancement instead of a second rating;

(i) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated as investment grade by at least two Rating Agencies, without regard to any refinement or gradation of rating categories by numerical modifier or otherwise, in their highest rating category (if not rated by at least two Rating Agencies then a rating by a single Rating Agency shall be satisfactory), for comparable types of debt obligations;

(j) repurchase agreements and investment agreements (including forward purchase agreements pursuant to which the City agrees to purchase securities of the type described in clauses (a), (b), (c), (f), (g) and (i) of this definition of "Permitted Investments"), with any bank, trust company, national banking association (which may include any Paying Agent or Bond Registrar), insurance company or any other financial institution which at the date of the agreement has an outstanding, unsecured, uninsured and unguaranteed debt issue rated by at least two Rating Agencies in one of their three highest respective long-term rating categories, without regard to any refinement or gradation of rating categories by numerical modifier or otherwise, or if such institution is not so rated, that the agreement is secured by such securities as are described in clauses (a) through (d) above, inclusive, having

a market value at all times (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at least equal to the principal amount invested pursuant to the agreement, provided that (i) a custodian for the City (which custodian is not the entity with which the City has the repurchase or investment agreement) has a perfected first security interest in the collateral and the City has received an opinion of counsel to that effect, (ii) the custodian or an agent of the custodian (which agent is not the entity with which the City has the repurchase or investment agreement) has possession of the collateral, and (iii) such obligations are in the opinion of such counsel free and clear of claims by third parties;

(k) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, rated by a least two Rating Agencies in its two highest short-term rating category, without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(l) certificates of deposit of national banks that are either fully collateralized at least 110 percent by marketable U.S. government securities marked to market at least monthly or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category, without regard to any refinement or gradation of rating category by numerical modifier or otherwise, as rated by at least one Rating Agency and maintaining such rating during the term of such investment;

(m) shares of a money market fund registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, as amended (including those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise).

(n) supranational debt instruments of international institutions established or chartered by multiple countries or other international institutions, rating, at the time of purchase, no less than A-, or equivalent rating, by at least two accredited Ratings Agencies, or have an equivalent credit enhancement instead of a second rating;

(o) Structured Investment Vehicles backed or guaranteed by US Government Sponsored Enterprises or the United States Government; an

(p) any other suitable investment instrument permitted by state laws governing municipal investments or City Municipal Code, subject to the reasonable exercise of prudence in investing public funds.

“Policy” means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Series 2024B Second Lien Bonds when due.

“Principal Installment” means:

(a) as of any particular date of computation and with respect to Outstanding Senior Lien Bonds of a particular series, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Senior Lien Bonds of said series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Senior Lien Bonds which would at or before said future date be retired by reason of the payment when due and the application in accordance with the Senior Lien Bond Ordinance of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Senior Lien Bonds, plus (ii) the amount of any Sinking Fund Payments payable on said future

date for the retirement of any Outstanding Senior Lien Bonds of such series, and for all purposes of the Indenture, said future date shall be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment;

(b) as of any particular date of computation and with respect to Second Lien Bonds of a particular series or consisting of a particular Section 2.8 Obligation, an amount of money equal to the aggregate of (i) the principal amount of Second Lien Bonds of said series or of Section 2.8 Obligations which mature on a single future date, reduced by the aggregate principal amount of such Second Lien Bonds which would at or before said future date be retired by reason of the payment when due and the application in accordance with the Indenture, with respect to the Series 2024B Second Lien Bonds or any Second Lien Parity Bonds, or the ordinance or trust indenture creating any other series of Second Lien Bonds, or the instrument creating such Section 2.8 Obligations, of Sinking Fund Payments payable at or before said future date for the retirement of such Second Lien Bonds, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of such Second Lien Bonds (including Section 2.8 Obligations), and for all purposes of the Indenture, said future date shall be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.; and

(c) as of any particular date of computation and with respect to Subordinate Lien Obligations of a particular series, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Subordinate Lien Obligations of said series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Subordinate Lien Obligations which would at or before said future date be retired by reason of the payment when due and the application in accordance with the Subordinate Lien Obligation Ordinance authorizing the issuance of each series of Subordinate Lien Obligations of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Subordinate Lien Obligations, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of any Outstanding Subordinate Lien Obligations of such series, and for all purposes of the Indenture, said future date shall be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

“Principal Office” means, with respect to the Trustee, its principal office in Chicago, Illinois.

“Projects” means the program of improvement, extension and rehabilitation of the Sewer System consisting of the construction and acquisition of flood relief sewers, the rehabilitation and replacement of existing sewers, the expansion of operational facilities, services and equipment to protect and enhance the safety, integrity and security of the Sewer System, and any project eligible for funding by the IEPA through the IEPA Program.

“Project Bonds” means a series of Second Lien Bonds the proceeds of which are used for Project Costs.

“Project Costs” means the costs of acquiring, constructing and equipping the Projects, including, without limitation, acquisition of necessary interests in property, engineering fees or costs of the City, restoration costs, and legal and other professional fees or costs of the City.

“Qualified Collateral” means:

(a) Governmental Obligations;

(b) direct and general obligations of any state of the United States of America or any political subdivision of the State of Illinois which are rated not less than “AA” or “Aa” or their equivalents by any 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 an 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.

“Rating Agency” means any nationally recognized securities rating agency.

“Record Date” means June 15 and December 15 of each year.

“Redemption Price” means, with respect to any series of Second Lien Bonds, the principal amount of such Second Lien Bonds plus the applicable premium, if any, payable upon redemption of such Second Lien Bonds pursuant to the provisions of such Second Lien Bonds or the applicable Second Lien Bond Ordinance or trust indenture or Supplemental Indenture creating such Series of Second Lien Bonds, or such other redemption price or tender price as may be specified in such Second Lien Bonds or applicable Second Lien Bond Ordinance or trust indenture or Supplemental Indenture.

“Refunding Obligations” means all Second Lien Bonds whether issued in one or more series, authenticated and delivered on original issuance for the purpose of the refunding of Senior Lien Bonds or Second Lien Bonds or Subordinate Lien Obligations of any series. The refunding effectuated by the issuance of Refunding Obligations may be accomplished through a tender offer for any of the Outstanding Bonds or through an exchange of Refunding Obligations for any of the Outstanding Bonds.

“Regulations” means the Income Tax Regulations (26 CFR Part I) promulgated under and pursuant to the Code.

“Residual Account” means the account of the name created by the Indenture.

“Second Lien Bond Ordinance” means the ordinance or ordinances of the City authorizing one or more series of Second Lien Bonds.

“Second Lien Bond Revenues” means any Net Revenues Available for Bonds deposited into the Second Lien Bonds Account pursuant to (i) the ordinances authorizing the Outstanding Second Lien Bonds, (ii) the Indenture, (iii) the Supplemental Indenture authorizing the Bonds, and (iv) the Supplemental Indentures authorizing any Second Lien Parity Bonds.

“Second Lien Bonds” means the Series 2001 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2015 Second Lien Bonds, the Series 2017 Second Lien Bonds, the Series 2023 Second Lien Bonds, the Series 2024 Second Lien Bonds, and all Second Lien Parity Bonds.

“Second Lien Bonds Account” means the separate account of that name previously established for the Second Lien Bonds in the Sewer Revenue Fund by prior Second Lien Bond Ordinances and expressly continued by the Indenture.

“Second Lien Bonds Debt Service Requirement” means, for any Fiscal Year, the principal of and interest on the Second Lien Bonds then Outstanding required to be paid in that Fiscal Year. Any Second Lien Bonds required to be redeemed pursuant to a mandatory sinking fund redemption shall be treated for these purposes as being due on the date they are required to be redeemed and not on their stated maturity dates. If the City has entered into an Interest Rate Hedge Agreement with respect to all or any portion of the Second Lien Bonds, the interest payable on such Second Lien Bonds shall be deemed to be the amount payable under the Interest Rate Hedge Agreement for the years in which the Interest Rate Hedge Agreement is in effect. If the City is to pay a

variable rate pursuant to the Interest Rate Hedge Agreement, the variable rate calculation shall be made as follows: for purposes of computing the interest payable on any Second Lien Bonds issued as Variable Rate Bonds in any future Fiscal Year or other specified future 12-month period, the rate of interest shall be assumed to equal the highest monthly average rate of interest paid with respect to such Variable Rate Bonds during the 12 months preceding the date of such calculation, plus 0.5 percent, or if such Variable Rate Bonds were not Outstanding during the entire 12-month period preceding the date of calculation, the highest monthly average rate of interest paid with respect to comparable debt obligations having a comparable interest rate determination method, interest rate period and rating during such 12-month period, plus 0.5 percent.

“Second Lien Bonds Debt Service Reserve Account” means the separate account of that name previously established for the Second Lien Bonds with a Depository designated by the Authorized Officer by prior Second Lien Bond Ordinances and described in Section 3.3(e) of the Indenture.

“Second Lien Bonds Debt Service Reserve Account Credit Enhancement Instrument Coverage” means, with respect to any Credit Enhancement Instrument for the Second Lien Bonds Debt Service Reserve Account on any date of determination, the amount available to pay principal of and interest on the Second Lien Bonds under that Credit Enhancement Instrument, including amounts owed pursuant to an Interest Rate Hedge Agreement with respect to such Second Lien Bonds to the extent such amounts constitute interest.

“Second Lien Bonds Debt Service Reserve Requirement” means, as of any date of computation and with respect to each series of Second Lien Bonds beginning with the Series 2023 Second Lien Bonds, the amount, if any, established in the Supplemental Indenture authorizing such series of Second Lien Bonds, not to exceed the least of (A) the highest future Second Lien Bonds Debt Service Requirement of such series in any Fiscal Year including the Fiscal Year in which the date of computation falls; (B) 10 percent of the original principal amount of such series (less any original issue discount); or (C) 125 percent of the average annual Second Lien Bonds Debt Service Requirement for the Outstanding Second Lien Bonds of such series. Outstanding Second Lien Bonds required to be redeemed pursuant to a mandatory sinking fund redemption shall be treated for purposes of this definition as being due on the dates they are required to be redeemed and not on their stated maturity dates.

“Second Lien Bonds Ordinances” means ordinances of the City authorizing the issuance of Second Lien Parity Bonds.

“Second Lien Construction Accounts” means (i) an account, if any, established for construction purposes by the Series 2001 Bond Ordinance, the Series 2008 Bond Ordinance, the Series 2010 Bond Ordinance, the Series 2015 Bond Ordinance, the Series 2017 Bond Ordinance, the Supplemental Indenture authorizing the Series 2023 Second Lien Bonds, or the Supplemental Indenture authorizing any Second Lien Parity Bonds, and (ii) any account established to pay costs of issuance of Second Lien Bonds.

“Second Lien Parity Bonds” means obligations other than the Series 2001 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2015 Second Lien Bonds, the Series 2017 Second Lien Bonds, the Series 2023 Second Lien Bonds and the Series 2024A Second Lien Bonds, which are payable from Second Lien Bond Revenues on an equal and ratable basis with all other Outstanding Second Lien Bonds.

“Second Lien Rebate Account” means the account of that name provided for in the Indenture.

“Section 2.8 Obligations” means any obligations incurred by the City to reimburse or otherwise make payments to the issuer or issuers of one or more Credit Enhancement Instruments (including Qualified Reserve Account Credit Instruments) securing all or any portion of one or more series of Second Lien Bonds, including any fees or other amounts payable to the issuer of any such Credit Enhancement Instruments, whether such obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of

any such Credit Enhancement Instruments, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination thereof.

“Section 2.9 Obligations” means any obligations incurred by the City to any one or more Hedge Counterparties, including any fees or amounts payable by the City under each related Interest Rate Hedge Agreement or agreement described in the Indenture.

“Senior Lien Bond Ordinance” means, to the extent applicable, Parts A and D of the Series 1998 Bond Ordinance.

“Senior Lien Bonds” means the Series 1998 Senior Lien Bonds.

“Senior Lien Construction Accounts” means (i) the account, if any, established for construction purposes by the Senior Lien Bond Ordinance, and (ii) any account established to pay costs of issuance of Senior Lien Bonds.

“Senior Lien Rebate Account” means the account of that name provided for in the Senior Lien Bond Ordinance and in the Indenture.

“Series 1998 Bond Ordinance” means the ordinance passed by the City Council on December 10, 1997, as amended by the City Council on February 5, 1998, authorizing the issuance of the Series 1998 Senior Lien Bonds.

“Series 1998 Senior Lien Bonds” means the Wastewater Transmission Revenue Bonds, Refunding Series 1998A, of the City authorized by and issued pursuant to the Series 1998 Bond Ordinance.

“Series 2001 Bond Ordinance” means the ordinance passed by the City Council on March 7, 2001 authorizing the issuance of the Series 2001 Second Lien Bonds.

“Series 2001 Indenture” means the Trust Indenture dated as of December 1, 2001 from the City to Amalgamated Bank of Chicago, as trustee, providing for the issuance of the Series 2001 Second Lien Bonds.

“Series 2001 Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2001, of the City authorized pursuant to the Series 2001 Bond Ordinance and issued pursuant to the Series 2001 Indenture.

“Series 2008 Bond Ordinance” means the ordinance passed by the City Council on May 14, 2008 authorizing the issuance of the Series 2008 Second Lien Bonds.

“Series 2008 Second Lien Bonds” means the Series 2008A Second Lien Bonds and the Series 2008C Second Lien Bonds.

“Series 2008A Indenture” means the Trust Indenture dated as of November 1, 2008 from the City to Amalgamated Bank of Chicago, as trustee, providing for the issuance of the Series 2008A Second Lien Bonds.

“Series 2008A Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Bonds, Series 2008A, of the City authorized pursuant to the Series 2008 Bond Ordinance and issued pursuant to the Series 2008A Indenture, consisting of the \$167,635,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, Series 2008A.

“Series 2008C Indenture” means the Amended and Restated Trust Indenture from the City to Amalgamated Bank of Chicago, as trustee, dated as of December 1, 2011, amending and restating the original Trust Indenture, dated as of October 1, 2008, from the City to Amalgamated Bank of Chicago, as trustee, as such Amended and Restated Trust Indenture has been amended by the First Amendment dated as of March 1, 2012, the Second Amendment dated as of December 1, 2014, the Third Amendment dated as of August 19, 2015, the Fourth Amendment dated as of September 1, 2015, and the Fifth Amendment dated as of October 1, 2015, providing for the issuance of the Series 2008C Second Lien Bonds.

“Series 2008C Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2008C, of the City authorized pursuant to the Series 2008 Bond Ordinance and issued pursuant to the Series 2008C Indenture, consisting of the \$332,230,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, Series 2008C.

“Series 2010 Bond Ordinance” means the ordinance passed by the City Council on July 28, 2010, authorizing the issuance of the Series 2010 Second Lien Bonds.

“Series 2010 Indenture” means the Trust Indenture dated as of November 1, 2010 from the City to Amalgamated Bank of Chicago, as trustee, providing for the issuance of the Series 2010 Second Lien Bonds.

“Series 2010 Second Lien Bonds” means the Series 2010A Second Lien Bonds and the Series 2010B Second Lien Bonds.

“Series 2010A Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2010A (Tax-Exempt), of the City authorized pursuant to the Series 2010 Bond Ordinance and issued pursuant to the Series 2010 Indenture, consisting of the \$25,865,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2010A (Tax-Exempt).

“Series 2010B Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Project Bonds, Taxable Series 2010B (Build America Bonds—Direct Payment), of the City authorized pursuant to the Series 2010 Bond Ordinance and issued pursuant to the Series 2010 Indenture, consisting of the \$250,000,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Project Bonds, Taxable Series 2010B (Build America Bonds—Direct Payment).

“Series 2012 Bond Ordinance” means the ordinance passed by the City Council on May 9, 2012, authorizing the issuance of the Second Lien Wastewater Transmission Revenue Bonds, Series 2012 in original aggregate principal amount of \$276,470,000, all of which have been redeemed.

“Series 2015 Bond Ordinance” means the ordinance passed by the City Council on September 24, 2015, authorizing the issuance of the Series 2015 Second Lien Bonds.

“Series 2015 Indenture” means the Trust Indenture dated as of October 1, 2015 from the City to Amalgamated Bank of Chicago, as trustee, providing for the issuance of the Series 2015 Second Lien Bonds.

“Series 2015 Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Bonds, Series 2015 (Taxable) of the City authorized pursuant to the Series 2015 Bond Ordinance and issued pursuant to the Series 2015 Indenture, consisting of the \$87,080,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, Series 2015 (Taxable).

“Series 2017 Bond Ordinance” means the ordinance passed by the City Council on January 13, 2016, authorizing the issuance of the *Series 2017 Second Lien Bonds*.

“Series 2017 Indenture” means the Trust Indenture dated as of June 1, 2017 from the City to Amalgamated Bank of Chicago, as trustee, providing for the issuance of the Series 2017 Second Lien Bonds.

“Series 2017 Second Lien Bonds” means the Second Lien Wastewater Transmission Revenue Bonds, Series 2017 of the City authorized pursuant to the Series 2017 Bond Ordinance and issued pursuant to the Series 2017 Indenture, consisting of the \$180,590,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A, and the \$215,485,000 in original aggregate principal amount of Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2017B.

“Series 2023 Bond Ordinance” means an ordinance duly adopted by the City Council on June 27, 2018, as such ordinance was modified and amended by an ordinance duly adopted by the City Council on October 27, 2021, and an ordinance duly adopted by the City Council on November 7, 2022, authorizing the issuance of the Series 2023 Second Lien Bonds.

“Series 2023 Second Lien Bonds” means the \$452,575,000 Second Lien Wastewater Transmission Revenue Project and Refunding Bonds, Series 2023, of the City authorized pursuant to the Series 2023 Bond Ordinance and issued pursuant to the Indenture and the Series 2023 Supplemental Indenture.

“Series 2023 Supplemental Indenture” means the Supplemental Indenture authorizing the Series 2023 Second Lien Bonds.

“Series 2024A Bond Ordinance” means an ordinance duly adopted by the City Council on January 24, 2024, authorizing the issuance of the Series 2024A Second Lien Bonds.

“Series 2024A Second Lien Bonds” means the \$227,925,000 Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024A, of the City authorized pursuant to the Series 2024A Bond Ordinance and issued pursuant to the Indenture and the Series 2024A Supplemental Indenture.

“Series 2024A Supplemental Indenture” means the Supplemental Indenture authorizing the Series 2024A Second Lien Bonds.

“Series 2024B Bond Ordinance” means an ordinance duly adopted by the City Council on October 9, 2024, authorizing the issuance of the Series 2024B Second Lien Bonds.

“Series 2024B Second Lien Bonds” means the \$138,260,000 Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024B, of the City authorized pursuant to the Series 2024B Bond Ordinance and issued pursuant to the Indenture and the Series 2024B Supplemental Indenture.

“Series 2024B Supplemental Indenture” means the Supplemental Indenture authorizing the Series 2024B Second Lien Bonds.

“Sewer Rate Stabilization Account” means the separate account of that name previously established by the City in the Sewer Revenue Fund and described in the Indenture.

“Sewer Revenue Fund” means the separate fund designated the “Sewer Revenue Fund of the City of Chicago” previously established by the City pursuant to the Municipal Code and prior Second Lien Bond Ordinances and described in the Indenture.

“Sewer System” means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for sewer and wastewater transmissions and any and all further extensions, improvements and additions to the Sewer System.

“Short Term Obligations” means the Line of Credit Notes and the Commercial Paper Notes.

“Sinking Fund Payment” means:

(a) as of any particular date of determination and with respect to the Outstanding Senior Lien Bonds, the amount required by the Senior Lien Bond Ordinance to be paid by the City on a single future date for the retirement of Senior Lien Bonds of such series which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Bond;

(b) as of any particular date of determination and with respect to the Outstanding Second Lien Bonds of any series or consisting of any Section 2.8 Obligations, the amount required by the prior Second Lien Bond Ordinance or the Supplemental Indenture creating such series or the instrument creating such Section 2.8 Obligations to be paid by the City on a single future date for the retirement of such Second Lien Bonds (including Section 2.8 Obligations) which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Second Lien Bond; and

(c) as of any particular date of determination and with respect to the Outstanding Subordinate Lien Obligations of any series, the amount required by a Subordinate Lien Obligation Ordinance to be paid in any event by the City on a single future date for the retirement of Subordinate Lien Obligations of such series which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Subordinate Lien Obligation.

“State” means the State of Illinois.

“Subordinate Lien Construction Accounts” means (i) the various accounts established for construction purposes by Subordinate Lien Obligation Ordinances, and (ii) any account established to pay costs of issuance of Subordinate Lien Obligations.

“Subordinate Lien Debt Service Requirement” means, for any Fiscal Year, the principal of and interest on Subordinate Lien Obligations required to be paid in that Fiscal Year.

“Subordinate Lien Obligation Ordinances” means ordinances of the City authorizing the issuance of Subordinate Lien Parity Obligations.

“Subordinate Lien Obligation Revenues” means all sums, amounts, funds or monies which are deposited to the Subordinate Lien Obligations Account pursuant to the Indenture.

“Subordinate Lien Obligations” means obligations, including Subordinate Lien Parity Obligations, that are payable from sums, amounts, funds or monies which are deposited to the Subordinate Lien Obligations Account or Subaccounts pursuant to the Subordinate Lien Obligation Ordinances.

“Subordinate Lien Obligations Account” means the separate account of that name previously established in the Sewer Revenue Fund by prior Second Lien Bond Ordinances and expressly continued by the Indenture.

“Subordinate Lien Parity Obligations” means Subordinate Lien Obligations issued on or after the date of the Indenture.

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

“Tax-Exempt Second Lien Bonds” means Second Lien Bonds, the interest on which, as of their date of issuance, is not includable in gross income for federal income tax purposes under the federal income tax laws in effect from time to time.

“Taxable Second Lien Bonds” means Second Lien Bonds, the interest on which, as of their date of issuance, is includable in gross income for federal income tax purposes under the federal income tax laws in effect from time to time.

“Treasury” means the United States Treasury Department.

“Trust Estate” means as provided in the granting clauses of the Indenture.

“Trustee” means Amalgamated Bank of Chicago, as Trustee under the Indenture, and its successors and assigns.

“Undertaking” means the City’s Continuing Disclosure Undertaking related to the one or more series of Second Lien Bonds, as amended from time to time, if required by law.

“Variable Rate Bonds” means any Senior Lien Bonds or Second Lien Bonds the interest rate on which is not established at the time of their issuance at a single numerical rate for their entire term of such Senior Lien Bonds or Second Lien Bonds.

“Water System” means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for water supply, distribution or collection purposes, and any and all further extensions, improvements and additions to the Water System.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture not summarized elsewhere in this Official Statement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, a copy of which is on file with the Trustee.

Source of Payment; Pledge of Second Lien Bond Revenues

The provisions of the Indenture constitute a contract among the City, the Trustee and the Owners of the Bonds. The Bonds are legal, valid and binding limited obligations of the City payable solely from Second Lien Bond Revenues and certain other moneys and securities held by the Trustee under the Indenture. The Bonds, together with any other Second Lien Bonds, also are secured by and payable from any amounts on deposit in the Second Lien Construction Accounts. The Bonds and the interest thereon do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness and shall have no claim to be paid from taxes of the City. The Bonds are secured by a pledge of the Second Lien Bond Revenues and funds and accounts held by the Trustee under the Indenture. The Bonds have a claim for payment from Second Lien Bond Revenues and from amounts on deposit in the Second Lien Construction Accounts on a parity with the claim of any other Second Lien Bonds that may be Outstanding from time to time.

Additional Second Lien Parity Bonds

(a) As long as there are any Outstanding Second Lien Bonds, the City may issue Second Lien Parity Bonds for any lawful purpose of the Sewer System, including to refund Outstanding Senior Lien Bonds, Second Lien Bonds, Subordinate Lien Obligations or obligations payable from revenues of the Sewer System on a basis subordinate to the Second Lien Bonds and Subordinate Lien Obligations, upon compliance with the following conditions:

(i) the funds required to be transferred to the Second Lien Bonds Account and its sub-funds, accounts and subaccounts shall have been transferred in full up to the date of delivery of such Second Lien Parity Bonds; and

(ii) Net Revenues Available for Bonds for the last completed Fiscal Year prior to the issuance of the Second Lien Parity Bonds or Net Revenues Available for Bonds for such last completed Fiscal Year, adjusted as described below, shall equal at least 110 percent of the sum of the Aggregate Senior Lien Debt Service, the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (w) the issuance of the proposed Second Lien Parity Bonds and the application of the proceeds of any Second Lien Parity Bonds as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (x) any projected withdrawal from or deposits into the Sewer Rate Stabilization Account of such amounts as shall be estimated by the Authorized Officer in the current or any future fiscal year. Net Revenues Available for Bonds may be adjusted as follows for purposes of this paragraph (ii):

(1) if prior to the issuance of such Second Lien Parity Bonds, the City shall have enacted an increase in the rates of the Sewer System from the rates in effect for such last completed Fiscal Year, Net Revenues Available for Bonds may be adjusted to reflect the Net Revenues Available for Bonds for such last completed Fiscal Year as they would have been had the increased rates been in effect during all of that last completed Fiscal Year; and

(2) if prior to the issuance of such Second Lien Parity Bonds the City shall have enacted an increase in the rates of the Sewer System scheduled to take effect in a future Fiscal Year, such rate increase may be reflected in Net Revenues Available for Bonds for purposes of calculating debt service coverage for such completed Fiscal Year;

Any such adjustment shall be evidenced by a certificate of the Authorized Officer.

If during the first six months of a Fiscal Year, an audit of the Sewer System for the preceding Fiscal Year by an independent certified public accountant is not available, the conditions of paragraph (a)(ii)(1) shall be deemed to have been satisfied if both (A) Net Revenues Available for Bonds for the second preceding Fiscal Year, adjusted as described in paragraph (a)(ii)(1), and (B) Net Revenues Available for Bonds for the preceding Fiscal Year (as estimated by the Authorized Officer), adjusted as described in paragraph (a)(ii)(1), shall equal at least 110 percent of the sum of the Aggregate Senior Lien Debt Service, the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (y) the issuance of the proposed Second Lien Parity Bonds and the application of the proceeds of any Second Lien Parity Bonds as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (z) any projected withdrawal from or deposits into the Sewer Rate Stabilization Account of such amounts as shall be estimated by the Authorized Officer in the current or any future fiscal year.

(b) The City may issue Second Lien Parity Bonds without complying with either of the requirements of paragraph (a)(ii) above:

(i) to pay, redeem or refund Senior Lien Bonds or Second Lien Bonds if in the judgment of the City there will be no money available to make payments of interest on or principal of those Senior Lien Bonds or Second Lien Bonds (at maturity or on Sinking Fund Payment dates) as such amounts become due; of

(ii) to pay, redeem or refund any Senior Lien Bonds or Second Lien Bonds if (A) the sum of the Aggregate Senior Lien Debt Service, the Aggregate Second Lien Debt Service and the Aggregate Subordinate Lien Debt Service in each Fiscal Year in which there was to be any Aggregate Senior Lien Debt Service, Aggregate Second Lien Debt Service or Aggregate Subordinate Lien Debt Service on Bonds after the issuance of the Second Lien Parity Bonds and the payment, redemption or refunding of such Bonds will not be in excess of (B) the sum of the Aggregate Senior Lien Debt Service, Aggregate Second Lien Debt Service and Aggregate Subordinate Lien Debt Service prior to the issuance of the Second Lien Parity Bonds in each such Fiscal Year.

(c) Other obligations, including Subordinate Lien Obligations, may be issued payable from Net Revenues Available for Bonds on a basis subordinate to the Second Lien Bonds.

Covenant Against Pledge of Second Lien Bond Revenues

The City agrees in the Indenture not to issue any bonds, notes or other evidences of indebtedness secured by the pledge contained in the Indenture, other than Second Lien Parity Bonds, and not to create or cause to be created any lien or charge on Net Revenues Available for Bonds, or on any amounts pledged for the benefit of Owners of Bonds under the Indenture, other than the pledge contained in the Indenture, provided that the Indenture does not prevent the City from (a) issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Net Revenues Available for Bonds to be derived on and after such date as the pledge contained in the Indenture shall be discharged and satisfied as provided in the Indenture, (b) issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, or secured by, the pledge of amounts

which may be withdrawn from the Second Lien Bonds Account so long as such pledge is expressly junior and subordinate to the pledge contained in the Indenture, (c) issuing Subordinate Lien Obligations.

Punctual Payment

The City covenants in the Indenture that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on all Second Lien Bonds, including, without limitation, Section 2.8 Obligations, in strict conformity with the terms of such Second Lien Bonds and of the Indenture, the Supplemental Indentures creating the Second Lien Bonds of each series and the Outstanding Second Lien Bond Indentures and the instruments creating Section 2.8 Obligations or Section 2.9 Obligations, and that it will faithfully observe and perform all the conditions, covenants and requirements of the Indenture, each such Supplemental Indenture and instrument and of the Second Lien Bonds issued or incurred under such Supplemental Indenture..

Other Covenants

In addition to the covenants referred to above, the City has covenanted under the Indenture, so long as any of the Bonds are Outstanding, as follows:

(a) To maintain the Sewer System in good repair and working order, to operate it continuously on a Fiscal Year basis, and to perform punctually all duties with respect to the Sewer System required by the Constitution and laws of the State.

(b) So long as the Second Lien Bonds are Outstanding, to continue to operate the Sewer System as a revenue-producing system so as to produce Net Revenues sufficient to satisfy the covenants of the Indenture.

(c) Prior to the end of each Fiscal Year, to conduct a review to determine whether it has been and will be in compliance with the requirement described above under the subcaption "SECURITY FOR THE BONDS — Rate Covenant" and, whenever this annual review indicates that the projected Gross Revenues will not be sufficient to comply with the Rate Covenant, to prepare or cause to be prepared a rate study for the Sewer System identifying the rate changes necessary to comply with the rate covenant, and the Budget Director and the Authorized Officer shall recommend appropriate action to the City Council to comply with the rate covenant. See "FINANCIAL OPERATIONS — Annual Budget Review and Implementation of Annual Budget."

(d) To make all necessary and proper repairs, replacements, additions and betterments to the Sewer System so that it may at all times be operated efficiently, economically and properly. When any necessary equipment or facility becomes worn out, destroyed or otherwise is insufficient for proper use, it shall promptly be replaced so that the value and efficiency of the Sewer System will be at all times fully maintained.

(e) To establish such rules and regulations for the control and operation of the Sewer System as are necessary for the safe, lawful, efficient and economical operation of the Sewer System.

Additionally, for so long as any of the Bonds continue to bear interest (whether or not they are Outstanding) and after the Bonds cease to bear interest (but only within such subsequent period as shall be required for the City to comply with the covenants described in this paragraph), the City agrees:

(a) Not to direct or permit any action which (or fail to take any action the failure of which) would cause any Bond to be an "arbitrage bond" within the meaning of the Code, as amended from time to time and as applicable to the Bonds.

(b) To (i) take all actions that are necessary to be taken (and avoid taking any action that it is necessary to avoid being taken) so that interest on the Bonds will not be or become subject to federal income taxation under present law, and (ii) will take all actions reasonably within its power to take that are necessary to be taken (and avoid taking any actions that are reasonably within its power to avoid taking and that it is necessary to avoid) so that interest on the Bonds will not be or become includable in gross income for federal income tax purposes under the federal income tax laws as in effect from time to time.

(c) To, without limitation, (i) to the extent required by the Code, restrict the yield on investments of amounts received upon the sale of the Bonds and other amounts, and (ii) timely rebate to the United States of America certain amounts that may be received as interest or other investment earnings on accounts of the Sewer Revenue Fund, all as shall be necessary to comply with paragraph (a) above. The City shall also make or cause to be made identifiable investments of amounts allocable to the Bonds as shall be necessary or appropriate to be able to ascertain the amounts that may be required so to be rebated to the United States of America. The City shall from time to time determine the amounts in accounts of the Sewer Revenue Fund that shall be subject so to be rebated and those amounts from time to time shall be held by the City in a rebate account for the Bonds and shall be rebated to the United States of America in the amounts and at the times as required. Such amounts so subject from time to time so to be rebated shall not be available for the other purposes for which the Sewer Revenue Fund and its accounts and sub-accounts established by the Indenture may be applied, and, for purposes of computing the balance in the Sewer Revenue Fund and such various accounts shall be disregarded.

(d) Not to take any of the following actions without in each such event obtaining the Opinion of Bond Counsel (which may represent the City from time to time in other matters) that such action will not contravene any covenant of the Indenture and will not make compliance with those covenants impossible: (i) defease any Bonds; (ii) sell, lease or otherwise dispose of any material portion of the Sewer System; (iii) enter into or amend any short-term or long-term contract for sewer service by the City other than pursuant to general rates charged to the general public; or (iv) enter into or amend any contract or arrangement for persons other than its employees to manage the Sewer System.

The provisions of described in paragraphs (a) through (d) above shall not be interpreted to impose upon the City any obligation to redeem or to purchase any Bonds other than with proceeds or other amounts available under the Indenture.

Remedies

Any Owner of a Second Lien Bond may proceed by civil action to compel performance of all duties required by the Indenture, including the establishment and collection of sufficient fees, charges and rates for the services supplied by the Sewer System, and the application of Gross Revenues as provided in the Indenture.

Amendments Without Bondholder Consent

The City and the Trustee, from time to time and at any time, without the consent of or notice to the Bondholders, may amend the Indenture as follows:

(a) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the issuance of Second Lien Bonds or other evidences of indebtedness;

(b) to add to the covenants and agreements of the City in the Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Indenture, 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 Indenture;

(e) to create a series of Second Lien Bonds and, in connection with such creation, to specify and determine the matters and things referred to in Article II and also any other matters and things relative to such Second Lien Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Second Lien Bonds;

(f) to, confirm, as further assurance, the pledge under the Indenture and the subjection of additional properties, Second Lien Bond Revenues or other collateral to any lien, claim or pledge created or to be created by the Indenture;

(g) to modify any of the provisions of the Indenture in any respect whatever, provided that such modification shall be, and shall be expressed to be, effective only after all Second Lien Bonds Outstanding at the date of the execution and delivery of such Supplemental Indenture shall cease to be Outstanding;

(h) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(i) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; and

(j) to provide additional duties of the Trustee under the Indenture.

Before the City and the Trustee may amend the Indenture as described above, there shall be delivered to the Trustee an Opinion of Bond Counsel stating that such amendment (i) is authorized or permitted by the Indenture, (ii) complies with the terms of the Indenture, (iii) upon the adoption of the Indenture, will be valid and binding upon the City in accordance with its terms, and (iv) will not adversely affect the exclusion of interest on any Bonds from the gross income of the owners of Bonds for federal income tax purposes under the Code, and the Trustee may rely conclusively upon such opinion as to such matters.

Amendments with Bondholder Consent

Except for any amendment described above, subject to the terms and provisions described below and not otherwise, the City and the Trustee may, from time to time, with the written consent of the Owners of a majority in principal amount of the Second Lien Bonds then Outstanding (excluding therefrom any Second Lien Bonds then owned by the City), enter into any Supplemental Indenture deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided that, unless approved in writing by the Owners of all the Second Lien Bonds then Outstanding, nothing in the Indenture shall permit, or be construed as permitting: (i) a change in the times, amounts or currency of payment of the principal of or interest on any Second Lien Bond then Outstanding, or a reduction in the principal amount of any Second Lien Bond then Outstanding, or the rate of interest on such Second Lien Bonds; or (ii) a preference or priority of any Second Lien Bond or Second Lien

Bonds over any other second Lien Bond or Second Lien Bonds; or (iii) a reduction in the aggregate principal amount of Second Lien Bonds, the consent of the Owners of which is required for any such amendment.

Defeasance

If the City pays or causes to be paid to the Owners of all Second Lien Bonds, the principal of and interest to and Redemption Price, if any, to become due on such Second Lien Bonds, at the times and in the manner stipulated in the Second Lien Bonds, the Indenture, and the applicable Supplemental Indentures creating such Second Lien Bonds and the instruments creating Section 2.8 Obligations and Section 2.9 Obligations, then the pledge of any moneys, securities, funds and property pledged by the Indenture and all other rights granted by the Indenture shall be discharged and satisfied. In such event, the Trustee, upon the request of the City, shall execute and deliver to the City all such instruments as are desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver all moneys or securities held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds theretofore surrendered for such payment or redemption. If the City pays or causes to be paid, or there otherwise is paid, to the Owners of any Outstanding Bonds the principal of, redemption premium, if any, and interest due or to become due on such Bonds, at the times and in the manner stipulated in such Bonds and in the Indenture, such Bonds shall cease to be entitled to any benefit or security under the Indenture and all covenants, agreements and obligations of the City to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Second Lien Bonds shall, prior to the maturity or redemption date of such Second Lien Bonds, be deemed to have been paid as meant and with the effect expressed above if: (i) in case any of said Second Lien Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee or an escrow agent in form satisfactory to it irrevocable instructions to give notice of redemption as provided in the Indenture on said date of such notice, (ii) there has been deposited with or held by the Trustee or any escrow agent either moneys in an amount which are sufficient, or noncallable, nonprepayable Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee or escrow agent at the same time, shall be sufficient to pay when due the principal of, redemption premium, if any, and interest due and to become due on said Second Lien Bonds on and prior to the maturity date or redemption date of such Second Lien Bonds, as the case may be, as certified by an independent certified public accountant acceptable to the Trustee, provided that such certification may be made by the Trustee, escrow agent or an investment banking firm in connection with a current refunding, and (iii) if any Second Lien Bonds do not mature and are not by their terms subject to redemption within the next succeeding 60 days, the City has given the Trustee or escrow agent in form satisfactory to it irrevocable instructions to provide Notice by Mail, as soon as practicable, to the Owners of such Second Lien Bonds that the deposit required by clause (ii) above has been made with the Trustee or escrow agent and that said Second Lien Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, redemption premium, if any, and interest on said Second Lien Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee or escrow agent pursuant to the Indenture nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of, redemption premium, if any, the principal of and interest on said Second Lien Bonds and such Second Lien Bonds not so defeased shall have no right to such moneys and Defeasance Obligations; but any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee or escrow agent, if not then needed for such purpose, shall to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on said Second Lien Bonds on and prior to such redemption date or maturity date of such Second Lien Bonds, as the case may be, and interest earned from such reinvestments shall be paid over to the City free and clear of any trust, lien or pledge.

Payment, Registration and Transfer Provisions

Details of payments of the Second Lien Bonds when in the book-entry form and the book-entry only system are described above under the subcaption “DESCRIPTION OF THE BONDS — Book-Entry Only System.” The following provisions of the Indenture apply to the Second Lien Bonds upon the discontinuation of the DTC or any other book-entry registration system for the Second Lien Bonds.

The principal and redemption price of each Second Lien Bond is payable upon surrender of such Second Lien Bond at the Principal Office of the Trustee. Payments of principal of the Second Lien Bonds shall be payable in clearinghouse funds except as provided in the Indenture. Such payments shall be made to the Owner of the Second Lien Bond so surrendered, as shown on the registration books maintained by the Trustee on the applicable Record Date.

All payments of interest on the Second Lien Bonds shall be paid to the persons entitled to such payments by the Trustee on the Interest Payment Date or special interest payment date, as applicable, (A) upon request of any Owner of such Second Lien Bonds in the principal amount of \$1,000,000 or more, by federal funds wire on the Interest Payment Date to any address in the continental United States, if such Owner provides the Trustee with written notice of such wire transfer address at least 15 days prior to the applicable Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless or until changed or revoked by subsequent notice), or (B) if no instructions are given as aforesaid, by clearinghouse funds check or draft mailed on the Interest Payment Date to the persons entitled to such payment at such address appearing on the registration books of the Trustee or such other address as has been furnished to the Trustee in writing by such person.

The transfer of any Second Lien Bond shall be registered upon the books of the Trustee at the written request of the Owner or its attorney duly authorized in writing, upon surrender of such Second Lien Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or its attorney duly authorized in writing.

The City and the Trustee may deem and treat the Owner as the absolute owner of such Second Lien Bond, whether such Second Lien Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Second Lien Bond and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Owner shall be valid and effectual to satisfy and discharge the liability upon such Second Lien Bond to the extent of the sum or sums so paid.

Any Second Lien Bond, upon surrender of such Second Lien Bond at the Principal Office of the Trustee, together with an assignment executed by the Owner or its duly authorized agent, at the option of the Owner, may be exchanged for an equal aggregate principal amount of Second Lien Bond or Second Lien Bonds of any Authorized Denomination of the same series, interest rate and maturity as the Second Lien Bond being surrendered.

In all cases in which the privilege of exchanging Second Lien Bonds or registering the transfer of Second Lien Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver Second Lien Bonds in accordance with the provisions of the Indenture. For every such exchange or registration of transfer of Second Lien Bonds, whether temporary or definitive, the Trustee may make a charge in an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer.

Neither the Trustee nor the City shall be required to register the transfer of any Second Lien Bond during the 15 days next preceding an interest payment date or, in the case of a proposed redemption of Second Lien Bonds, after they have been selected by the Trustee for redemption.

Payments or Actions Required on Days Other Than Business Days

If (a) the date for making any payment or (b) the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment may be made or such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided in the Indenture, and no interest shall accrue for the period after such nominal date.

The Trustee

The City has appointed Amalgamated Bank of Chicago, Chicago, Illinois, as Trustee, for the purposes and upon the express terms and conditions set forth in the Indenture.

The Trustee need perform only those duties that are specifically set forth in the Indenture and no others. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture or for anything whatsoever in connection with the trust created by the Indenture, except only for its own negligence or bad faith. Under the Indenture, the Trustee is required to exercise such of the rights and powers vested in it by the Indenture and use the same degree of skill and care in its exercise as a prudent person would use and exercise under the circumstances in the conduct of his or her own affairs; *provided* that the Trustee is under no obligation to take any action in respect of the execution or enforcement of any of the trusts created by the Indenture, or to institute, appear in or defend any suit or other proceeding in connection with such execution or enforcement, unless requested in writing so to do by Bondholders of at least a majority in aggregate principal amount of the Bonds then Outstanding, and, if in its opinion such action may tend to involve it in expense or liability, unless furnished from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provision is intended only for the protection of the Trustee.

The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required under the Indenture by or through attorneys, agents or receivers, and is entitled to, and may rely upon, written advice of counsel concerning all matters of trust and duty under the Indenture, and the Trustee is not answerable for the negligence or misconduct of any such attorney or agent selected by it with reasonable care.

The Trustee may buy, sell, own, hold and deal in any of the Bonds for its own account or that of any other person, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity under the Indenture. The Trustee, either as principal or agent, also may engage in or be interested in any financial or other transaction with the City and may act as depository, trustee or agent for any committee or body of Bondholders secured by the Indenture or other obligations of the City as freely as if it did not act in any capacity under the Indenture.

Resignation or Removal of Trustee

The Trustee may resign and be discharged of the trusts created by the Indenture by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and filing the same with the City, not fewer than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving Notice by Mail of such resignation, not fewer than 21 days prior to such resignation date, to the Owners of Outstanding Bonds. Such resignation shall take effect on the day specified in such instrument and notice, but only if a successor Trustee has been appointed and has accepted the duties of the Trustee. If the successor Trustee shall not have been appointed within a period of 90 days following the giving

of such notice, then the Trustee is authorized to petition any court of competent jurisdiction to appoint a successor Trustee.

The Trustee may be removed by the City at any time by filing with the Trustee an instrument or instruments in writing executed by the City, appointing a successor. Such removal shall be effective 30 days (or such longer period as may be set forth in such instrument) after delivery of the instrument; *provided* that no such removal shall be effective until the successor Trustee executes, acknowledges and delivers to the City an instrument accepting such appointment.

Appointment and Qualifications of Successor Trustee; Automatic Succession in Certain Events

If at any time the Trustee is removed, or is dissolved, or if its property or affairs are taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, and if the Trustee shall resign, then the office of the Trustee shall be vacant immediately and a successor may be appointed by the City. After any such appointment, the City must cause notice of such appointment to be given to the predecessor Trustee and the successor Trustee, and must cause Notice by Mail to be given to all Bondholders. No such appointment will be effective until the successor Trustee has accepted such appointment.

If the Trustee resigns and no appointment of a successor Trustee is made pursuant to the provisions of the Indenture described above within 90 days following the giving of notice of resignation, the retiring Trustee may immediately apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee meeting the qualifications set forth in the Indenture.

Each successor Trustee must be a commercial bank with trust powers or a trust company (a) duly organized under the laws of the United States or any state or territory of the United States, (b) authorized under such laws to perform all the duties imposed upon it by the Indenture and the laws of the State, (c) capable of meeting its obligations under the Indenture, (d) subject to supervision or examination by Federal or state authority, and (e) with combined capital and surplus of at least \$50,000,000. If the Trustee publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of the Indenture the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation into which any Trustee is merged or converted or with which it is consolidated, or any corporation resulting from any merger or consolidation to which any Trustee is a party, or any company to which all or substantially all of the corporate trust business of the Trustee is sold or transferred, shall be the successor Trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Certain Rights of BAM

Whenever the Indenture requires the consent of Bondholders, BAM's consent shall also be required. In addition, any amendment, supplement or modification to the Indenture that adversely affects the rights or interest of BAM shall be subject to the prior written consent of BAM.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Insured Series 2024B Second Lien Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2024B Second Lien Bonds or the Trustee for the benefit of such holders under the Indenture. The Trustee may not waive any default or event of default or accelerate the Insured Series 2024B Second Lien Bonds without BAM's written consent.

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APPENDIX C
BOOK-ENTRY ONLY SYSTEM

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The following description of the procedures and recordkeeping with respect to the beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the 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 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 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 Bonds. The 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 each Series of the 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Ordinance and the Indenture or other documents related to the Bonds. Redemption notices shall be sent to DTC. If less than all of the Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the 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 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 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 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 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 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 BONDS FOR ALL PURPOSES UNDER THE BOND ORDINANCE AND INDENTURE, INCLUDING FOR THE PURPOSES OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, GIVING ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS UNDER THE BOND ORDINANCE AND INDENTURE, REGISTERING THE TRANSFER OF THE 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 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 BONDS: (i) PAYMENTS OF PRINCIPAL OR INTEREST ON THE BONDS; (ii) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (iii) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 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 Bonds, references in this Official Statement to the holders or registered owners of the Bonds (other than under the heading "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 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 BONDS UNDER THE TERMS OF THE BOND ORDINANCE OR INDENTURE; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 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 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR OTHER DTC NOMINEE AS THE REGISTERED HOLDER OF THE BONDS; OR (vi) ANY OTHER MATTER.

Each person for whom a DTC Participant acquires an interest in the 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 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 Bonds if the City determines that DTC is unable to discharge its responsibilities with respect to the 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, Bond certificates will be delivered as described in the Bond Ordinance and the Indenture.

APPENDIX D

CITY OF CHICAGO DEPARTMENT OF WATER MANAGEMENT SEWER FUND ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

This APPENDIX D includes by specific reference the City's Sewer Fund basic financial statements as of and for the year ended December 31, 2023, and independent auditor's report (the "2023 Audited Financial Statements"), which has been filed and can be obtained from the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access ("EMMA") system. The 2023 Audited Financial Statements have not been updated since the date of the 2023 Audited Financial Statements. 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/P11790828-P11373973-P11812138.pdf>

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APPENDIX E

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

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[LETTERHEAD OF ARENTFOX SCHIFF LLP]
[LETTERHEAD OF ZUBER LAWLER LLP]

December 4, 2024

City of Chicago
Chicago, Illinois

The Underwriters listed on Annex I hereto

Amalgamated Bank of Chicago,
as Trustee under the Indenture defined below
Chicago, Illinois

Build America Mutual Assurance Company
New York, New York

**RE: CITY OF CHICAGO
SECOND LIEN WASTEWATER TRANSMISSION REVENUE BONDS,
REFUNDING SERIES 2024B**

Ladies and Gentlemen:

We have served as Co-Bond Counsel to the City of Chicago (the “**City**”) in connection with the issuance by the City of its \$138,260,000 SECOND LIEN WASTEWATER TRANSMISSION REVENUE BONDS, REFUNDING SERIES 2024B (the “**Series 2024B Bonds**”).

The Series 2024B Bonds are being issued pursuant to the constitutional home rule powers of the City. The Series 2024B Bonds were authorized under an ordinance duly adopted by the City Council of the City (the “**City Council**”) on October 9, 2024 (the “**Bond Ordinance**”). The Series 2024B Bonds are being issued under a Master Indenture of Trust, dated as of May 1, 2023, as supplemented by a Second Supplemental Indenture, dated as of April 1, 2024 (relating to certain technical corrections) (the “**Master Indenture**”), securing City of Chicago Second Lien Wastewater Transmission Revenue Bonds, and a Fourth Supplemental Indenture, dated as of December 1, 2024 (the “**Fourth Supplemental Indenture**” and, together with the Master Indenture, the “**Indenture**”), each by and between the City and Amalgamated Bank of Chicago, as trustee (the “**Trustee**”). Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture.

The proceeds from the sale of the Series 2024B Bonds are expected to be used to (i) refund certain Outstanding Second Lien Wastewater Transmission Revenue Bonds of the City and (ii) pay costs of issuance of the Series 2024B Bonds (including a bond insurance premium).

The Series 2024B Bonds are dated the date of this opinion letter and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on July 1, 2025, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth in the Fourth Supplemental Indenture. The Series 2024B Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as provided in the Fourth Supplemental Indenture.

In our capacity as Co-Bond Counsel, we have examined a certified copy of the record of proceedings of the City relating to the issuance of the Series 2024B Bonds, together with certificates of certain officers of the City, the Trustee and the purchasers of the Series 2024B Bonds as to various factual matters and such other certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

Based upon this examination, and subject to the limitations stated below, we are of the opinion that, under existing law:

1. The Bond Ordinance has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City.

2. The Indenture has been duly authorized, executed and delivered by the City. Assuming the due authorization, execution and delivery of the Indenture by the Trustee, the Indenture is in full force and effect and is valid and binding upon the City.

3. The Series 2024B Bonds are valid and legally binding limited obligations of the City. The Series 2024B Bonds, together with the City's Outstanding Second Lien Bonds and any Second Lien Parity Bonds which may be issued from time to time in the future, have a claim for payment, as to principal, redemption premium, if any, and interest, solely from the Second Lien Bond Revenues that are derived from the Net Revenues Available for Bonds in the City's Sewer Revenue Fund derived by the City from its ownership and operation of the Sewer System. The Second Lien Bond Revenues have been irrevocably pledged to the payment of the Series 2024B Bonds on a parity with the Outstanding Second Lien Bonds and any Second Lien Parity Bonds that the City may issue from time to time in the future in accordance with the applicable provisions of the Indenture. The Series 2024B Bonds, together with the City's Outstanding Second Lien Bonds and any Second Lien Parity Bonds issued from time to time in the future, are also secured by and payable from any amounts on deposit in the Second Lien Construction Account. The Series 2024B Bonds do not have a claim for payment from taxes of the City.

4. The Bond Ordinance and the Indenture create a valid pledge of the Trust Estate, including Second Lien Bond Revenues and moneys and securities held in the Second Lien Bonds Account, subject to application of such moneys and securities in the manner provided in the Bond Ordinance and the Indenture.

5. Interest on the Series 2024B Bonds under present law is not included in "gross income" for federal income tax purposes and thus is exempt from federal income taxes based on gross income. This opinion is subject to the compliance by the City with its covenant in the Indenture to comply with all

requirements which must be met in order for interest on the Series 2024B Bonds not to be included in gross income for federal income tax purposes under present law. The City has the power to comply with its covenant. If the City were to fail to comply with these requirements, interest on the Series 2024B Bonds could be included in gross income for federal income tax purposes retroactive to the date the Series 2024B Bonds are issued. Interest on the Series 2024B Bonds is not an item of tax preference for calculation of an alternative minimum tax for individuals under present law. Interest on the Series 2024B Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations. Ownership of the Series 2024B 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 2024B Bonds.

6. Interest on the Series 2024B Bonds is not exempt from present State of Illinois income taxes.

The opinions contained in paragraphs 1, 2 and 3 above are qualified to the extent that the rights of registered owners of the Series 2024B Bonds and the enforceability of the Bond Ordinance, the Indenture and the Series 2024B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, arrangements, fraudulent conveyances or other laws affecting creditors’ rights generally or as to the availability of any particular remedy. Enforcement of provisions of the Bond Ordinance, the Indenture or the Series 2024B Bonds by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024B Bonds. Furthermore, we express no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2024B Bonds, or the interest thereon, if any action is taken with respect to Series 2024B Bonds or the proceeds thereof upon the advice or approval of other counsel. We have not undertaken any obligation to assist the City in complying with those requirements described in paragraph 5 above which the City must meet after the date of this opinion in order for interest on the Series 2024B Bonds not to be included in gross income for federal income tax purposes under present law.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering materials relating to the Series 2024B Bonds, and we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or other offering materials relating to the Series 2024B Bonds.

The opinions expressed herein represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinions and are not a guaranty of a result. The opinions expressed herein are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

ANNEX I

UNDERWRITERS OF THE SERIES 2024B BONDS

Cabrera Capital Markets LLC

PNC Capital Markets LLC

Loop Capital Markets LLC

North South Capital

Rice Financial Products Company

San Blas Securities

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APPENDIX F

INFORMATION REGARDING THE CITY OF CHICAGO

ECONOMY AND DEMOGRAPHICS

APPENDIX F

INFORMATION REGARDING THE CITY OF CHICAGO ECONOMY AND DEMOGRAPHICS

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Set forth in this Appendix F is certain economic and demographic information regarding the City. 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. Sources of information as set forth in the footnotes may include references to certain websites; these websites are not included or incorporated into this Official Statement.

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 4.8 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, Chicago had an estimated GDP in 2023 of \$847 billion (an increase of 1.6% since 2022)⁴.

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.

TABLE 1. CHICAGO AREA EMPLOYMENT BY SECTOR⁵

Sector (Number in Thousands)	Employees	Change from Dec. 2022 – Dec. 2023	
		Number	Percent
TOTAL NONFARM	4,811.7	36.9	0.8
Trade, Transportation and Utilities	995.9	(0.7)	(0.1)
Professional and Business Services	837.9	(28.0)	(3.2)
Education and Health Services	773.3	26.5	3.5
Government	546.4	15.4	2.9
Leisure and Hospitality	463.4	15.0	3.3
Manufacturing	420.6	9.1	2.2
Financial Activities	319.5	(0.5)	(0.2)
Other Services	196.9	3.1	1.0
Construction	179.4	1.5	0.8
Information	76.9	(4.5)	(5.5)
Mining and Logging	1.5	0.0	0.0

POPULATION

As of July 1, 2023, the City of Chicago was home to approximately 2.67 million people who live in more than one million households.⁶ According to the 2020 Census, the City’s population is up 1.9 percent compared to the 2010 Census. This population increase has had a positive impact on the City’s revenue streams, including water and wastewater revenue and various taxes. The population of the United States, the State of Illinois, Cook County and the City for the census years 1980 to 2020 is shown in Table 2.

[Table 2 appears on the next page]

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: 2020-2022.”

³ U.S. Bureau of Labor Statistics, “Civilian labor force and unemployment by state and metropolitan area.”

⁴ U.S. Bureau of Economic Analysis, “CAGDP1 County and MSA gross domestic product (GDP) summary.”

⁵ U.S. Bureau of Labor Statistics, “Chicago Area Economic Summary.”

⁶ See U.S. Census Bureau QuickFacts

(<https://www.census.gov/quickfacts/fact/table/chicagocityillinois,US/PST045222>).

TABLE 2. POPULATION (1980-2020)¹

Year	United States	State of Illinois	Cook County	Chicago
1980	226,545,805	11,427,409	5,253,655	3,005,072
1990	248,709,873	11,430,602	5,105,067	2,783,726
2000	281,421,906	12,419,293	5,376,741	2,896,016
2010	308,745,538	12,830,632	5,194,675	2,695,598
2020	331,449,281	12,812,508	5,275,541	2,746,388 ²

As shown in Table 3, according to the 2018-2022 ACS survey, Chicago had the highest share of residents with a college degree among the seven most populous cities in the U.S. (Phoenix, Los Angeles, Chicago, New York, Philadelphia, Houston and San Antonio) at 42.4%. Additionally, Chicago had the highest share of residents with professional or advanced degrees at 18.02%.

TABLE 3. COLLEGE AND ADVANCED DEGREES (2018-2022)³

City	Total	Bachelor's Degree	Advanced or Professional Degree	Bachelor % of Total	Advanced % of Total
Phoenix	1,052,043	203,364	124,497	19.33	11.83
LA	2,731,538	652,185	350,595	23.88	12.84
Chicago	1,911,330	466,629	344,395	24.41	18.02
NYC	6,126,610	1,423,801	1,039,873	23.24	16.97
Philadelphia	1,090,012	204,967	161,343	18.80	14.80
Houston	1,513,104	316,987	214,976	20.95	14.21
San Antonio	937,630	160,023	99,688	17.07	10.63

PER CAPITA INCOME AND WAGES

The per capita personal income (not adjusted for inflation) for the United States, the State of Illinois, Cook County and the Chicago MSA are set forth in Table 4, for the years 2018 through 2023.

[Table 4 appears on the next page]

¹ See Footnote 4 on the prior page.

² As indicated in Footnote 5 on the prior page, the population as of July 1, 2022 had fallen to 2,665,039.

³ American Community Survey 2018-2022.

TABLE 4. PER CAPITA INCOME (2018-2023)

Year	United States ¹	State of Illinois ²	Chicago MSA ³	Cook County ⁴
2018	\$53,309	\$56,072	\$60,416	\$61,325
2019	55,547	57,721	62,215	63,002
2020	59,153	61,157	65,862	66,952
2021	64,430	67,278	71,898	72,979
2022	65,470	67,655	72,512	72,847
2023	69,810	72,245	N/A	N/A

Median household income in the Chicago MSA in 2023 was \$87,071, compared to \$80,306 in the State of Illinois and \$77,719 in the United States.⁵

EMPLOYMENT

Total employment for the State of Illinois, the Chicago MSA, Cook County and the City for the years 2018 through 2023 is set forth in Table 5.

TABLE 5. TOTAL EMPLOYMENT (2018-2023) (IN THOUSANDS)⁶

Year	State of Illinois ⁷	Chicago MSA ⁸	Cook County ⁹	Chicago ¹⁰
2018	6,282	4,752	2,550	1,314
2019	6,290	4,769	2,560	1,321
2020	5,759	4,356	2,327	1,203
2021	5,980	4,547	2,436	1,260
2022	6,177	4,735	2,552	1,320
2023	6,166	4,723	2,542	1,217

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 6 for the years 2018 through 2023.

[Table 6 appears on the next page]

¹ U.S. Bureau of Economic Analysis, Table SAINC1, https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major_Area=3&State=00000&Area=00000&TableId=21&Statistic=3&Drill=1

² U.S. Bureau of Economic Analysis, Table SAINC1, https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major_Area=3&State=00000&Area=17000&TableId=21&Statistic=3&Drill=1

³ U.S. Bureau of Economic Analysis, Table CAINC1, https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major_Area=5&State=17000&Area=16980&TableId=20&Statistic=3&Drill=1

⁴ U.S. Bureau of Economic Analysis, Table CAINC1, https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major_Area=4&State=17000&Area=17031&TableId=20&Statistic=3&Drill=1

⁵ U.S. Census Bureau, https://data.census.gov/table/ACSDT1Y2023.B19013?g=040XX00US17_310XX00US16980_010XX00US&tp=true

⁶ U.S. Bureau of Labor Statistics, "Local Area Unemployment Statistics," data expressed as average of 12-month data.

⁷ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUST170000000000003>.

⁸ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUMT171698000000003>.

⁹ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCN170310000000003>.

¹⁰ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCT171400000000003>.

TABLE 6. ANNUAL UNEMPLOYMENT RATES (2018-2023)¹

Year	United States ²	State of Illinois	Chicago MSA	Cook County	Chicago
2018	3.9	4.4	4.2	4.2	4.4
2019	3.7	4.0	3.9	3.9	4.1
2020	8.1	9.4	9.7	10.7	11.5
2021	5.4	6.1	6.2	7.0	7.5
2022	3.7	4.6	4.6	5.0	5.3
2023	3.6	4.4	4.3	4.3	4.6

The percentage of total (non-farm) employment by major industry sector for the Chicago-Naperville-Arlington Heights, IL area³, State of Illinois and the United States for December 2023 are shown in Table 7. Note that totals may not sum due to rounding.

TABLE 7. PERCENTAGE OF TOTAL NON-FARM EMPLOYMENT

BY MAJOR INDUSTRY SECTOR (DECEMBER 2023)

Sector	United States ⁴	Illinois ⁵	Chicago-Naperville-Arlington Heights
Trade, Transportation and Utilities	18.4%	20.0%	20.4%
Education and Health Services	16.4	16.0	16.7
Professional and Business Services	14.5	15.2	18.3
Government	14.7	13.4	10.9
Leisure and Hospitality	10.7	9.8	9.5
Manufacturing	8.2	9.5	7.4
Financial Activities	5.9	6.6	7.3
Construction	5.2	3.8	3.5
Other Services	3.7	4.1	4.1
Information	1.9	1.5	1.8
Mining and Logging	0.4	0.1	0.0
TOTAL	100.0%	100.0%	100.0%

¹ See Footnotes 6-10 on the prior page.

² U.S. Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," 2/2/2024, <https://www.bls.gov/cps/>.

³ U.S. Bureau of Labor Statistics, http://www.bls.gov/regions/midwest/il_chicago_md.htm.

⁴ U.S. Bureau of Labor Statistics, "Current Employment Statistics (National)," <http://www.bls.gov/web/empsit/ceseeb1a.htm>.

⁵ U.S. Bureau of Labor Statistics, <http://www.bls.gov/regions/midwest/illinois.htm>.

APPENDIX G
THE REFUNDED BONDS

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The following table sets forth the maturity, interest rate, principal amount, redemption date and price for each maturity of the Refunded Bonds.

Prior Bond Issue	Maturity (January 1)	Interest Rate	Principal Amount Paid or Refunded	Redemption Price	Redemption or Payment Date	CUSIP [†]
2008C	2026	5.00%	\$7,745,000	100%	1/6/2025	167727WK8
2008C	2027	5.00%	1,245,000	100%	1/6/2025	167727F43
2008C	2028	5.00%	6,140,000	100%	1/6/2025	167727F50
2008C	2029	5.00%	165,000	100%	1/6/2025	167727F68
2008C	2030	5.00%	8,610,000	100%	1/6/2025	167727WP7
2008C	2031	5.00%	12,965,000	100%	1/6/2025	167727WQ5
2008C	2032	5.00%	13,650,000	100%	1/6/2025	167727WR3
2008C	2033	5.00%	14,385,000	100%	1/6/2025	167727WS1
2008C	2034	5.00%	15,150,000	100%	1/6/2025	167727WT9
2008C	2035	5.00%	15,965,000	100%	1/6/2025	167727WU6
2008C	2039*	5.00%	56,280,000	100%	1/6/2025	167727WV4

**Term Bonds.*

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City. Neither the City nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness as included herein.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$_____

Member Surplus Contribution: \$_____

Total Insurance Payment: \$_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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