CHICAGO

City of Chicago Financial Update

April 20, 2023

Fiscal Discipline Continuing Through Transparency

Part 1: Transparency since the start of Mayor Lightfoot's Term

- Four years ago, Mayor Lightfoot cleared "budgeting in shadows" maneuvers to provide transparency and accountability on City finances
- Pensions and debt service not covered by existing property tax levies were brought into the corporate fund budget gap
- The prior practice hid at least a \$1.35B structural gap in the pension and debt ramps
- In FY2020, the City budgeted for more rational estimates for overtime and settlement & judgments
- Settlements & Judgments increased by \$86.6M from \$55.3M in 2019 to \$141.9M in 2023
- The City began quarterly interim reporting to City Council of revenues and expenses
- The City ramped up budget community engagement, including town halls with the Mayor in attendance, one pagers in multiple language translations, small group meetings with community groups, among other efforts
- Part 2: Transparency through the Mid-Year Budget Forecast
 - The Mid-Year Budget Forecast provides a marker for where Mayor Lightfoot leaves the City's financials and the financial plan that her administration intended
 - Out-year budget forecast contains layers of conservatism, prudent budgeting and financial planning (see next slide) while still showing the lowest budget gaps for a sustained period of time in the City's history

Fiscal Discipline Continuing Through Transparency

Category	Description
Pensions	 Full funding of advance pension funding policy above the statutorily required contribution 12% investment loss in 2022 (FY2024); 0% in 2023 (FY2025) and actuarial rate thereafter No assumptions around future state legislative actions on pension benefits CPS MEABF based on actuarial valuation and CPS independent report
Federal Funding	 <u>There is no federal fiscal cliff</u> Federal funds available through FY2026 to fund CRP investments Expected annual investments thereafter starting in FY2027 range from \$60-90 million which falls within the range of investments made during the regular annual budgeting process
Property Taxes	 Increases based on CPI generates \$43M - \$87M a year \$272M annual TIF surplus, \$68M per year or 25% is returned to the City; other taxing bodies will also receive their percentage
ESA/PPA	 City entered into ESA that supported the largest US municipal Power Purchase Agreement (PPA); Created budget certainty for 49% of the City's electricity budget and 100% of electricity purchased sustainably
Personnel	CBAs assume terms of negotiated settlements, assumes salary study findings which will bring non-union employees to market rate
Debt Service and Capital Funding	 Full funding of Chicago Works and Chicago Recovery Plan through 2026 Bond debt service based on expected capital spend and included in out-year budget gaps \$35M, \$35M and \$39M of incremental debt service in FY24, FY25, and FY26, respectively
Casino	 Casino revenues budgeted on a one year delay to cover for any project delays
Revenues	 Base case revenue projections assume recessionary environment CPI: Oxford Economics forecast GDP: 0.5-1% real growth in out-years, lower than rating agency projections that assume likely recession Sweeping of Aging revenue accounts for an average \$18M per year

★ Chicago Mid-Year Budget Forecast

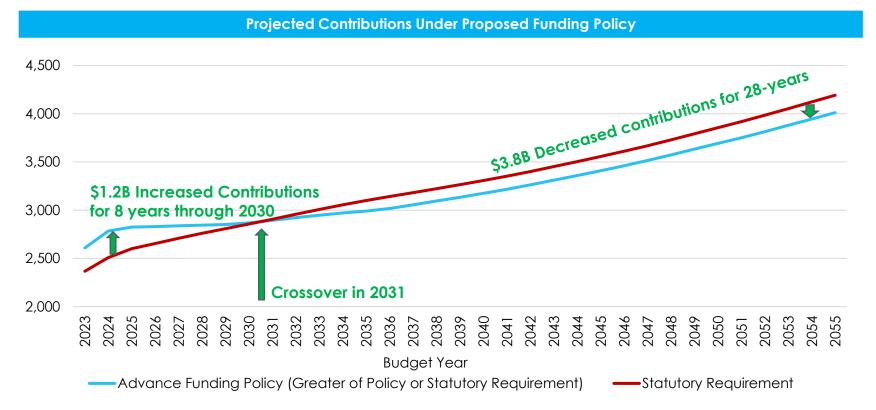
- City will have a combined \$698M surplus due largely to better than projected income tax receipts
 - FY2022 \$555M
 - FY2023 \$143M
- City has dedicated this surplus in assigned fund balance in both years to pay for the advance pension payment over the next three years
 - This assignment will be memorialized in an executive order by the Mayor, the ACFR, a letter to the pension funds, the Mid-Year Budget Forecast and presentations to the rating agencies and bondholders
 - This assigned fund balance provides a bridge to the casino revenues expected to generate \$200M of structural revenues in a steady state

≭ Chicago Mid-Year Budget Forecast

	Incomo	Mini-Fore	cast Corporate Fui	ad			
	2022 BUDGET AS AMENDED	2022 YEAR-END ESTIMATES	2023 BUDGET ORDINANCE	2023 YEAR-END ESTIMATES	2024 PROJECTED	2025 PROJECTED	2026 PROJECTED
Revenues	\$1.405.014	#1.0 (0.0) (* 1 575 014	41 550 114	#1 500 () (1 1 500 01 1	
Local Non-Tax Revenue	\$1,495.9M	\$1,360.8M	\$1,575.8M	\$1,550.1M	\$1,590.6M	\$1,590.2M	\$1,597.4M
Proceeds and Transfers In	\$1,048.9M	\$962.0M	\$865.8M	\$759.6M	\$556.4M	\$578.9M	\$592.9M
Intergovernmental Revenue	\$536.2M	\$979.2M	\$649.6M	\$924.5M	\$876.3M	\$878.9M	\$882.8M
Local Tax Revenue	\$1,767.5M	\$2,116.1M	\$2,123.0M	\$2,122.7M	\$2,153.2M	\$2,183.4M	\$2,194.1M
Prior Year Assigned and Unassigned Available Resources	\$51.4M	\$0.0M	\$222.1M	\$222.1M	\$65.6M	\$66.0M	\$66.4M
Total Revenue	\$4,899.9M	\$5,418.2M	\$5,436.3M	\$5,579.1M	\$5,252.1M	\$5,297.4M	\$5,333.6M
Expenditures Commodities and Materials Contingencies Contractual Services Equipment Financial Costs Pension Costs Permanent Improvements Personnel Services Specific Items and Projects Transfers and Reimbursements	\$82.9M \$0.2M \$486.9M \$1.6M \$613.5M \$329.2M \$0.0M \$3,083.1M \$258.2M \$43.2M	\$76.5M \$0.1M \$440.5M \$1.1M \$630.7M \$329.2M \$0.0M \$3,017.1M \$326.4M \$40.8M	\$96.4M \$0.2M \$569.8M \$2.2M \$623.7M \$644.9M \$0.0M \$3,189.9M \$301.2M \$6.4M	\$96.4M \$0.2M \$569.8M \$2.2M \$623.7M \$644.9M \$0.0M \$3,189.9M \$301.2M \$6.4M	\$101.2M \$0.2M \$598.3M \$2.4M \$462.2M \$559.7M \$0.0M \$3,303.5M \$301.2M \$6.4M	\$104.3M \$0.2M \$616.2M \$2.5M \$489.0M \$552.0M \$0.0M \$3,347.8M \$301.2M \$6.4M	\$107.4M \$0.2M \$634.7M \$2.6M \$521.6M \$543.1M \$0.0M \$3,359.3M \$301.2M \$6.4M
Travel Total Expenses	\$1.2M \$ 4,899.9M	\$1.0M \$4,863.4M	\$1.5M \$5,436.3M	\$1.5M \$5,436.3M	\$1.5M \$5,421.2M	\$1.5M \$5,421.2M	\$1.5M
Total Expenses	Ş4,077.7/VI	Ş4,003.4M	Ş5,430.3M	Ş5,430.3/VI	Ş5,421.2/V	33,421.2 <i>1</i> V	5,478.1M
SUBTOTAL	•	\$554.8	\$0.0	\$142.8	(\$84.5M)	(\$123.8M)	(\$144.5M)
Payment Advance Pension Advance Payment Transfer to Rainy Day Fund					\$241.0M \$5.0M	\$214.7M \$5.0M	\$185.8M \$5.0M
Additional Reserves							
FY 2022-2023 Fund Balance Reserve SUBTOTAL					\$246.0M SO	\$219.7M \$0	\$190.8M \$0
GAP (REVENUES LESS EXPENDITURES)					(\$84.5M)	(\$123.8M)	(\$144.5M)

Advance Pension Funding Policy

- The City's advance pension funding policy recalculates the employer contribution to keep net pension liability stable
- This policy is expected to save \$2.6B in actuarial interest over amortization period



Pension Investment Return Assumptions

- The projected employer contribution assumes a negative 12.1% investment performance for 2022 which is estimated to increase the FY2024 contribution by \$141M
- The City has also adjusted its 2023 investment return assumption from the actuarial rate to 0%, which would increase the FY2025 budget gap and employer contribution by \$73M
- Year to date pension fund performance is estimated at 2.62% for the period through 02/28/2023

Investment Performance (as of December 31)					
	<u>PABF</u>	<u>FABF</u>	<u>MEABF</u>	<u>LABF</u>	<u>Total</u>
FY2019	16.3%	20.4%	16.4%	17.8%	17.1%
FY2020	12.3%	11.7%	9.3%	14.5%	11.3%
FY2021	13.8%	14.2%	14.0%	11.8%	13.7%
FY2022	(12.4%)	(14.3%)	(11.7%)	(13.2%)	(12.1%)
Actuarial Rate	6.75%	6.75%	6.75%*	7.25%	

* Effective with the 12/31/2022 Actuarial Report. For prior years, MEABF Actuarial Rate was 7.0%

CPS MEABF Estimated Payments

Actual and Projected CPS MEABF Payments 400 CPS Annual Share (\$M) 291 273 300 259 188 200 100 175 250 60 304 306 309 00 154 135 133 118 88 81 61 41 0 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 City Budget Year CPS contribution - funded by City CPS contribution - funded by CPS City Budget Year (\$M) 2016 2017 2019 2020 2021 2022 2023 2024 2026 2018 2025 **CPS** Contribution \$60.7 \$80.8 \$118.1 \$153.6 \$135.5 \$133.0 \$88.3 \$40.8 \$0.0 \$0.0 \$0.0 Subsidized by City **CPS** Contribution 0.0 0.0 0.0 0.0 100.0 175.0 250.0 304.1 309.1 60.0 306.5 **Total CPS Share** \$60.7 \$80.8 \$118.1 \$153.6 \$187.8 \$259.4 \$272.7 \$290.8 \$304.1 \$306.5 \$309.1



Police CBA

- City negotiated the police CBA in 2021 which covers nearly 13,000 of the City's 35,000 employees or 37%
- This was the longest police CBA negotiated in the City's history, providing budgetary stability through June 30, 2025
- 2-2.50% COLA increases (total COLA increase is 20% over 8 years)

		Police C	Collective I	Bargaining	Agreeme	nt COLA		
FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
1.0%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.0%
Note: FY17 F	Note: FY17 Police COLA 1% represents a half year.							

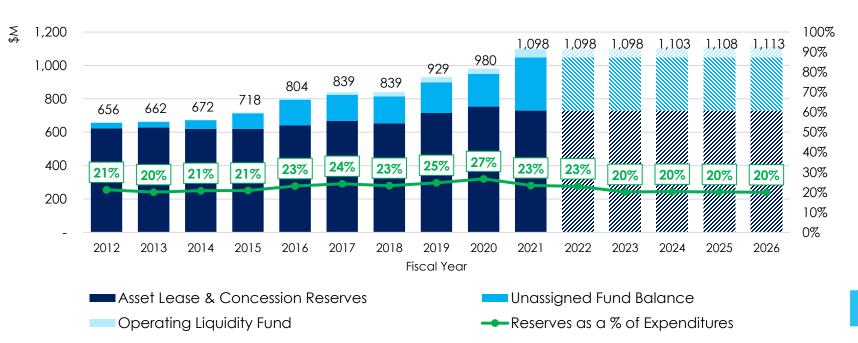
Consumer Price Index (CPI) by Fiscal Year								
FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (P)	FY2024 (P)	FY2025 (P)
2.1%	2.4%	1.8%	1.2%	4.70%	6.5%	4.00%	2.90%	2.30%

AFSCME and COUPE

- AFSCME's Agreement was approved by City Council in April; City is finalizing COUPE Agreement (currently has tentative agreement)
- 3-3.25% COLA increases, with 2024-2026 based on CPI with a CPI cap of 5%
- Hazard pay of \$1,000 in 2024 and \$2,000 in 2025 represents an additional 1%, but is not included in the compounding COLA base and is not pensionable



- The City anticipates remaining at approximately 20% of operating expenditures, above its policy of 16% of operating expenditures, even if no additional contributions to reserves are made
- This includes the City's annual practice of adding \$5M/year to the rainy day fund
- In FY2023, the City put in \$20M to catch up on the payments that were delayed during the pandemic



Historical and Projected Reserves

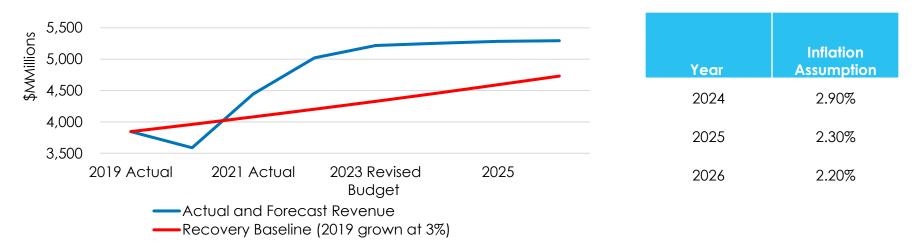
***** Revenue Recovery Profile

Revenue Forecasting:

- The City's conservative revenue forecasting already considers a tapering of the significant revenue outperformance due to stimulus funds and inflation largely by 2025
- The City's revenue forecasting has historically been conservative, including recent significant acceleration of economic recovery

Federal Funds

- FY2024-FY2026 forecast period has no federal funds
- The budget gap assumes absorbing \$20M in FY2025 and \$60M in FY2026 of ongoing CRP investments when the federal funds must be spent



Lagging and Recovered Revenues

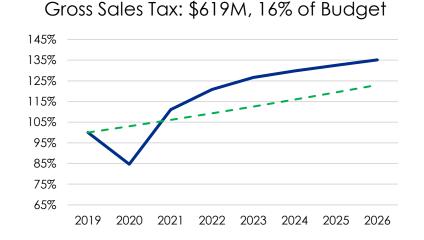
Revenue	2019 Actuals with 3% Annual Growth	2021 Actual	2022 YE Estimate	\$ Above/ Under	% Above/ Under
Licenses, Permits and Certificates		115,588	106,537	-42,052	-28.3%
Fines, Forfeitures and Penalties	348,779	315,965	309,709	-39,070	-11.2%
Leases, Rentals and Sales	45,844	15,476	13,968	-31,876	-69.5%
Hotel Tax	146,077	65,467	119,010	-27,067	-18.5%
Parking Garage Tax	157,422	104,627	130,930	-26,493	-16.8%
Utility Taxes and Fees	455,296	408,012	432,648	-22,648	-5.0%
Vehicle Fuel Tax	59,091	54,896	57,003	-2,088	-3.5%
Muni Parking	8,440	7,371	6,945	-1,495	-17.7%
Total	1,369,539	1,087,403	1,176,750	-192,789	-14.1%

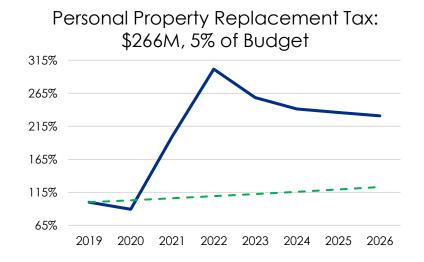
Revenue	2019 Actuals with 3% Annual Growth	2021 Actual	2022 YE Estimate	\$ Above/ Under	% Above/ Under
Personal Prop. Replacement Tax	202,804	370,734	559,784	356,980	176.0%
Personal Property Lease Tax	359,147	491,143	598,973	239,826	66.8%
Charges for Services	146,909	328,879	367,334	220,425	150.0%
State Income Tax	310,575	376,733	412,371	101,796	32.8%
Real Property Transfer Tax	166,553	184,144	194,929	28,376	17.0%
City Sales Tax	69,639	77,656	92,646	23,006	33.0%
Amusement Tax	214,772	159,134	231,517	16,745	7.8%
Ground Transportation Tax	142,372	96,172	154,440	12,068	8.5%
Total	1,612,772	2,084,595	2,611,994	999,223	62.0%

Assumptions for Growth in Elevated Revenue Sources

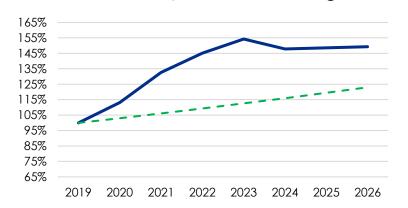
- Income tax, PPRT, personal property lease tax and sales taxes are all substantially higher than they were pre-pandemic
- State Income Tax based off the Illinois Municipal League per capita income projection for 2024 and assumes 0.5% - 1% growth in outyears
- PPRT follows the same trend as the State Income Tax with an assumed annual \$10M diversion in the City's distribution from the State for ISFA shortfalls
- Personal Property Lease Tax growth in the outyears matches inflation expectations but is highly conservative given the growth seen in cloud computing services
- Sales Tax projected to grow in line with inflation expectations

Recovered Revenue: Recovery Profiles

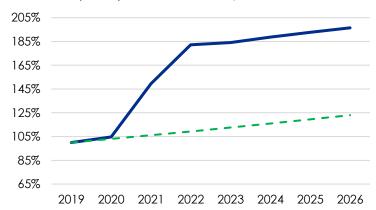




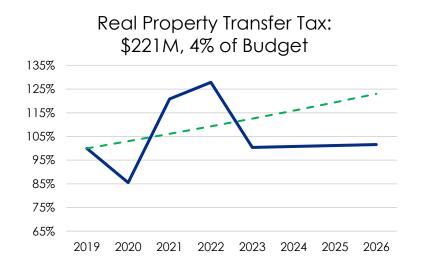
Income Tax: \$377M, 7% of Budget



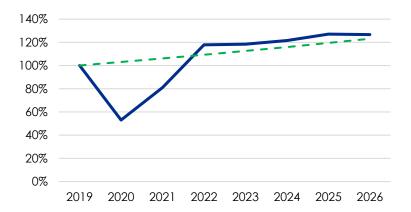
Personal Property Lease Tax: \$585M, 11% of Budget

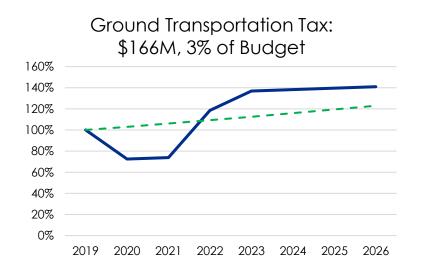


Recovered Revenue: Recovery Profiles (continued)

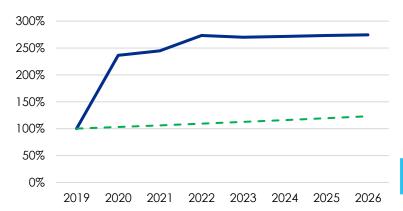


Amusement Taxes: \$233M, 4% of Budget



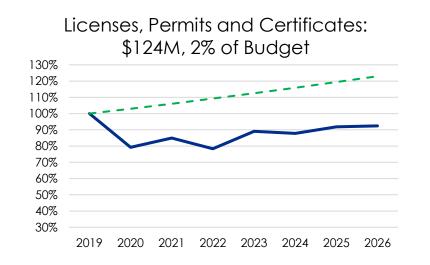


Charges for Services: \$364M, 7% of Budget

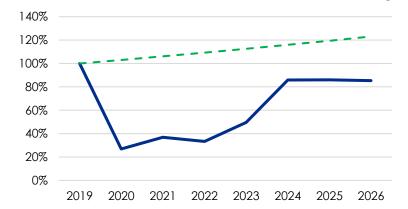


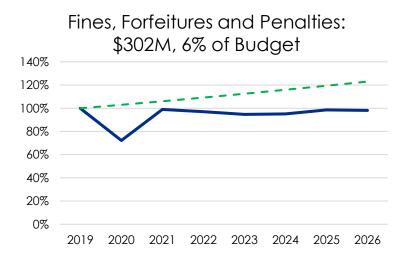
14

Lagging Revenue: Recovery Profiles

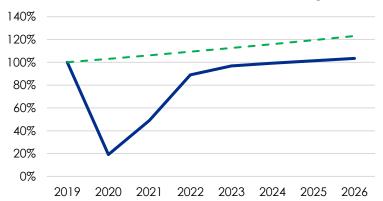


Leases, Rentals and Sales: \$32M, 1% of Budget

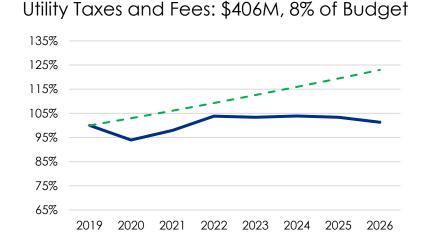


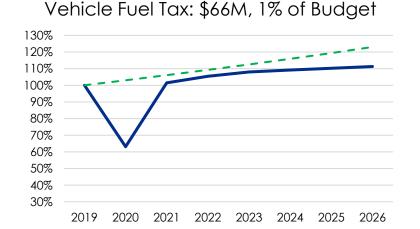


Hotel Taxes: \$120M, 2% of Budget

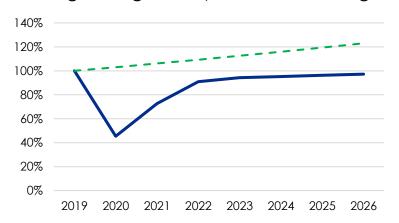


Lagging Revenue: Recovery Profiles (continued)

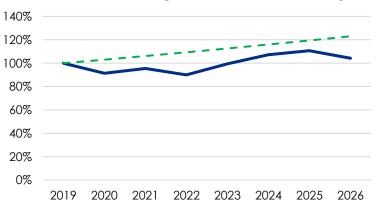




Parking Garage Tax: \$136M, 3% of Budget



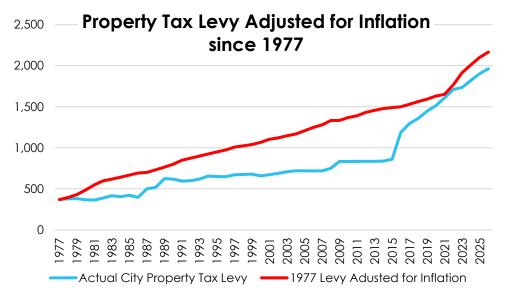
Municipal Parking: \$8M, 0.1% of Budget



16

Property Tax Growth at CPI

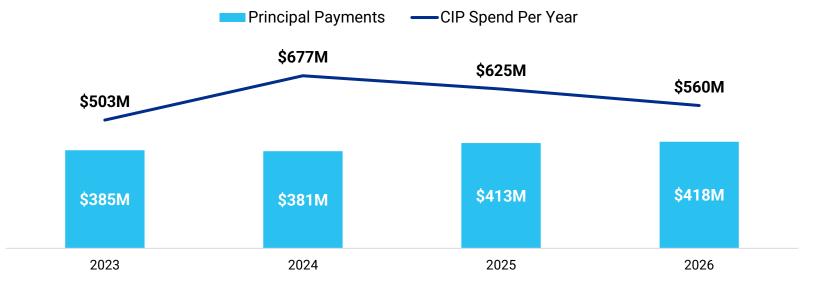
- Had the City increased property taxes at CPI since 1977, it would have had roughly the same levy as it did in 2023, except it wouldn't have experienced the rating downgrades, reserve fund draws, asset sales, scoop and tosses, and other one-time actions which led to its current rating status
- Property tax growth at CPI based on the federal funds target is expected to generate \$43M to \$87M a year of incremental revenues alone
- The property tax is the City's largest single revenue source (\$1.7B in 2023) and is the only tax that is based on a fixed dollar levy rather than growing at CPI, consumption, or some other inflator



Year	Inflation Assumption	Total Levy (\$M)	CPI Levy Increase (\$M)
2023	5.00%	1,734.40	n/a
2024	5.00%	1,821.12	86.7
2025	2.90%	1,873.93	52.8
2026	2.30%	1,917.03	43.1

Climbing the Debt Ramp and Funding Capital Steady State

- The City will pay down \$1.0B debt between FY2024-FY2026 or \$381M \$418M a year
- City is projecting \$2.2B in bond issues FY24-26
- Net increase in liability FY2024-FY2026 is expected to be \$1.0B or approximately \$333M/year
- Debt service for this additional borrowing is included in the out-year budget gap



Energy Hedging Creates Budget Certainty and Green Sustainability

- City entered into an Electricity Supply Agreement (ESA) backed by a Power Purchase Agreement (PPA) on July 28, 2022
- The PPA, executed by Constellation NewEnergy to serve the City, represents one of the largest municipal PPA commitments in the country
- ESA will source 100% of the City's electricity purchasing as renewable
 - Majority of electricity will be sourced from a new Illinois solar farm and create new Illinois jobs
 - State Farm and PPG also joined on this PPA with the City of Chicago
- The ESA creates budgetary certainty
 - FY2024 is 90% hedged; FY25-27 is 62% hedged
 - The PPA locks in a fixed energy price for Illinois solar energy for 12 years (2025-2036)
 - Solar-backed electricity supply for 2025-27 is lower than current price of conventional electricity supply delivered to Chicago
- No benefit assumed for full-scale electrification of City's light duty fleet over next 5 years





Appendix: Chicago Financial Turnaround is Now

The Chicago Turnaround Is Now Part A: Clearing Deferred Liabilities



Climbed the Pension Ramp

- For the first time in the City's history, the City paid an actuarially calculated contribution for all four pension funds in 2022
- The City has increased its **annual** pension contributions by \$2.2B over 8-years, \$1.3B of which were achieved during Mayor Lightfoot's term in the midst of a pandemic
- For the first time in 15-years, the funded ratio increased in 2021
- Casino expected to generate \$200M of revenues for pensions in a steady state
- The City in FY2023 will begin paying a \$242 million advance pension contribution to keep or improve net pension • liability



Climbed the Debt Ramp

- Full debt service carrying costs included in FY22 budget and FY2023 budget
- From May 2019 through FYE 2022, total outstanding debt declined by \$747M due to aggressive cash flow management and delayed financings
- Additional debt for capital will match debt amortization, facilitating stable debt metrics

Settled Deferred Labor Contracts

- Agreed to 8-year FOP contract, which was 4 years past expiration at the start of the Mayor's term •
- Paid largest retroactive payment in City's history of \$396 million without increasing future indebtedness through refinancing savings
- Budget now assumes a cost-of-living increase in each year to avoid surprise large retroactive payments

Best Practices Budgeting

• Included a more practical settlements and judgments budget; ended use of bond proceeds for settlements and judgments

21

Included increased pension and debt service costs not covered by property taxes in the corporate budget aap forecast





Image: Part B: Creating \$4B New Financial Value



Joliet – Nearly \$1B of new financial value

- For the first time in 3 decades, the City has secured a new regional water supply customer with Joliet
- Joliet is the 3rd most populous city in Illinois and, together with the communities in Kendall and Will Counties it is bringing into a new regional water commission, will become Chicago's 2nd largest regional water customer
- This transaction generates \$30M of new annual water revenues; \$1B of new financial value to Chicago
- Chicago is the state's premier water provider, supplying water to approximately 40% of all Illinois residents in nearly 120 communities
- Even more importantly, the City of Chicago has strengthened its relationship with 48 regional water customers that serve about half of the 5 million Chicagoland residents served by the Chicago water system
- The City has created a Water Advisory Council which met for the first time in June 2022 to discuss regional water supply issues

Casinos – \$2B of financial value, with another \$3B for the State of Illinois

- For the first time in 3 decades of pursuing a casino, the City approved Bally's as casino operator
- The state of Illinois has been sending \$331M in annual gaming revenues to the State of Indiana to pay for Indiana essential services; the Chicago casino will repatriate \$200 of annual revenues
- The casino continues to pass several milestones and is on schedule:
 - Bally's has submitted its application for a license to the IGB and has passed several milestones in the planning process including River Ecology and Historic preservation
- The temporary casino is anticipated to be open in summer FY2023; the permanent in Q2 2026
- \$2.7B casino anticipated to generate 3,000 new construction jobs & 3,000 ongoing operating iobs
- The casino is one of the most equitable casino projects in the country, with some of the highest minority targets and a unique crowdsourcing mechanism for minority owners at lower denominations, and will be certified LEED Gold



The Chicago Turnaround Is Now Part C: Achieving Structural Balance



Budgetary Stability

- Out-year budget gaps through 2026 are manageable
- The City has a number of tools to close out-year gaps, including:
 - \$555 of 2022 and 2023 projected surplus that will help pay for the 2024 2026 pension advance
 - \$192M in full revenue recovery of lagging revenues
 - The realization of over \$200M of casino revenues to the City in a steady state
- The City has generated \$1.2B in structural solutions over the last 3 years that has closed budget gaps as large as \$1.2B; The City has made good on the financial plan presented in 2020, 2021 and 2022
- The City has continued to implement with integrity its reform-based efficiencies which will generate budgetary relief and improved City operations, including worker's compensation, procurement, enterprise risk management, and IT modernization
- FY23 Budget gap is the one of the lowest budget gaps in Chicago history at \$127.9M

Robust Financial Cushion

- The City has generated 10 consecutive years of budgetary surpluses which has allowed for continuously increased reserves, despite the pandemic
- Reserves are at a 10-year high and have increased by 31% under Mayor Lightfoot's administration
- In FY2021, the City added \$124M to reserves for a total of \$1.1B (23% of FY2021 operating expenses)
- Chicago reserves compares favorably to other large cities





The Chicago Turnaround Is Now Part C: Launched \$6B in Investments in the Future



\$4.5B Chicago Works

- The City released a \$3.7B 5-year capital plan in 2020, including authorization for \$1.6B of GO bonds for the first time, the City implemented a needs-based approach to prioritizina capital projects across the City including conducting a citywide assessment of capital needs
- For FY2023, the City authorized an additional \$1.7B of GO bonds to finance the 2023-2024 portion of the capital plan
- Chicago Works catches up on capital deferred maintenance and sets City on a steady state replacement schedule
 - The 5-year capital plan is expected to address 57% of the City's annual deferred maintenance needs for facilities, fleet & equipment, bridges, street resurfacing traffic signals, and lighting.
 - The City's goal is to finance 5% of the City's capital assets a year to reach a steady state of replacement



\$1.2B Chicago Recovery Plan - the most progressive investment plan in the City's history

- CRP is projected to generate 7,000 jobs and create \$26M in incremental tax revenues
- \$400M in investments that address the root causes of violence
- 27x increase in mental health Chicagoans served has increased from 2,500 to over 70,000
- Increase in anti-violence investments from \$0 in 2019 to \$52M, now proportional to a City of our size
- \$1B in affordable housing investments, seeded through \$157M in City funds, creating 4,000 new affordable housing units
- The largest investment in the City's history in:
 - 3,000 vacant lot clean up/reduction and one of the largest clean-up programs across the country
 - The Green Recovery Agenda, including the largest tree-planting in the City's history including 75,000 trees planted over 5-years as well as a decarbonization of City's vehicle fleet that will reduce fuel costs and carbon footprint

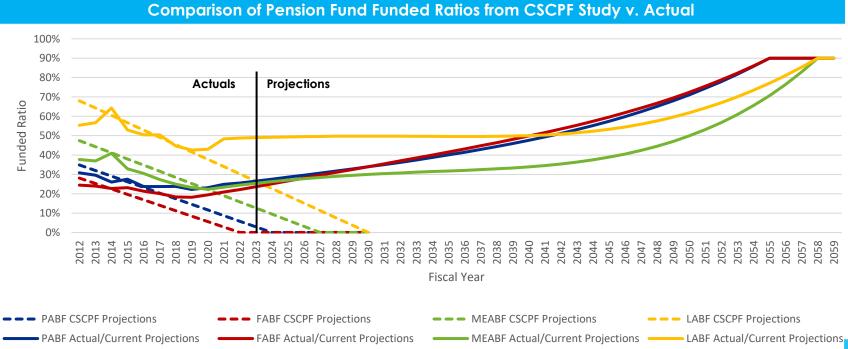


\$2.2B Invest South/West

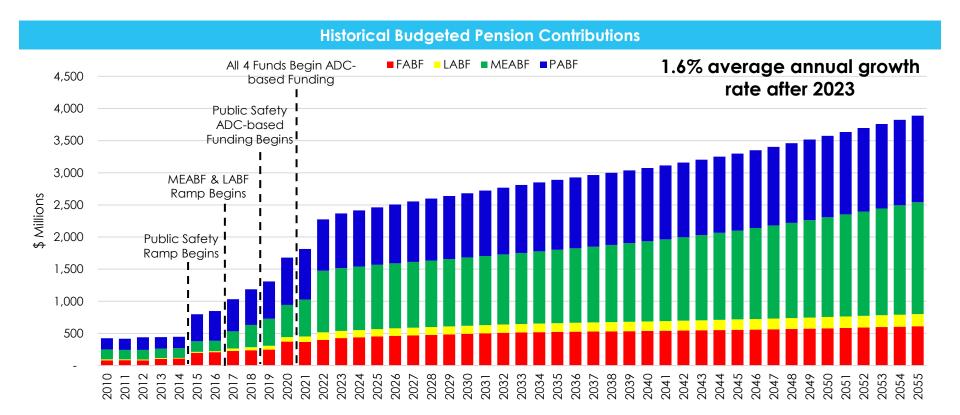
•Mayor Lightfoot's signature economic development initiative - more than \$2.2B of investment commitments from City and non-City funds to fund 12 key commercial corridors in 10 communities on Chicago's South and West Sides •INVEST South/West collectively supports infrastructure development, improved programming for residents and businesses, and policies that impact each of the community areas surrounding these corridors to create lasting impact •This place-based approach to community investment builds upon successes seen in Pullman, where significant economic development investment not only created jobs but also turned around a declining population trend

Pensions – History

- In 2010, Mayor Daley created the Commission to Strengthen Chicago's Pension Funds to study the solvency
 of the pension funds
- The study projected that the first pension fund would be insolvent in 2022
- **Instead**, 2022 was the first year that all four funds contributed an actuarially calculated contribution
- For the first time in 15-years, 2021 was the first year where the funded ratios of all 4 pension funds rose



× Pensions – Increased Contributions







City of Chicago Second Lien Water Revenue Bonds, Project Series 2023A Second Lien Water Revenue Bonds, Refunding Series 2023B





The Investor Presentation you are about to view is dated as of April 19, 2023 (the "Investor Presentation") and is being provided as supplemental marketing materials in connection with a proposed offering by the City of Chicago (the "Issuer") of its Water Revenue and Refunding Bonds, Series 2023AB (the "Bonds"). If you are viewing this Investor Presentation after that date, events may have occurred that have a material adverse effect on the information presented herein. Neither the Underwriters, nor the Financial Advisors, nor the Issuer has undertaken any obligation to update this Investor Presentation. The information presented is not warranted as to completeness or accuracy and is subject to change without notice. You agree not to duplicate, copy, download, screen capture, electronically store, or record this Investor Presentation, nor to produce, publish or distribute this Investor Presentation in any form whatsoever.

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🗡 Series 2023AB Deal Team

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CITY OF CHICAGO- DEPARTMENT OF WATER MANAGEMENT

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UNDERWRITERS' COUNSEL

Chico & Nunes, P.C

Transaction Overview*

	Second Lien Water Revenue Bonds, Project Series 2023A	Second Lien Water Revenue Bonds, Series Refunding 2023B
Par Amount	\$120,965,000	\$367,150,000
Pricing Date	May 2, 2023	May 2, 2023
Delivery Date	Week of May 8, 2023	Week of May 8, 2023
Use of Proceeds	Various water capital improvement projects	Current refunding of Series 2008, Series 2010A and Series 2012 bonds
Ratings	S&P: A+ (stable outlook) Fitch: A (positive outlook) Kroll: AA (stable outlook)	S&P: A+ (stable outlook) Fitch: A (positive outlook) Kroll: AA (stable outlook)
Bond Insurance	All or a portion of the Series 2023A bonds will be insured by AGM	All or a portion of the Series 2023B bonds will be insured by AGM
Call Feature	Bonds maturing after 11/1/2033 will be callable at par starting on 11/1/2032	Bonds maturing after 11/1/2034 will be callable at par starting on 11/1/2033
Interest Payments	May 1 and Nov 1, starting Nov 1, 2023	May 1 and Nov 1, starting Nov 1, 2023
Maturity Dates	Fixed-rate term bonds maturing in 2048, 2053, 2058 and 2062	Fixed-rate serial bonds maturing 2023 through 2042
Tax Status	Tax-Exempt	Tax-Exempt

Credit Summary

- 44 b - 14 b

Recent Credit Improvements

- Addition of the City of Joliet, the 3rd largest city in Illinois, significantly broadens the competitive landscape and generates financial value to the water system
 - Represents the City's first new direct purchaser regional water partner in four decades
 - Estimated to serve an additional 250,000 additional people in the region
 - Expected to add \$1B in financial value to the water system over the next 100 years
 - Contract expected to result in approximately \$30mm of revenues a year
- AWWA rate setting conversion promotes transparency and equitability while allowing the City to recover for the costs necessary to run the system
- Demonstrated commitment to regional collaboration through the launch of the Advisory Council
- Indenture modifications enhance bondholder security and modernize the credit
 - Closure of the senior lien as effectuated by the Master Trust Indenture
 - Creation of a Residual Account at the bottom of the waterfall allows for flexible use of funds, including debt service
 - Rate Stabilization Account policy requirement of 90 days cash on hand
- New financial policies strengthen the Water Fund's finances
 - Segregation of Water funds from the City's general fund starting in 2019
 - New pension funding policy provides stability and reduces long-term pension costs
 - New financial policy of additional 270 days cash on hand (currently 495 DCOH)
- Prudent use of financial resources supports capital improvement plan
 - Actionable plan to replace lead service lines over the next 20 years
 - Use of PAYGO funds (based on net revenues remaining after debt service as permitted by the Indenture) along with debt issuance to fund capital improvements in future years



Size, Scale and Expertise

- Large and diverse customer base; City and 120 suburbs with a water service area of 783 square miles
- Population of 5.3 million residents, increasing to 5.6 million in 2030 with addition of Joliet and GPWC*
- Water sales split 52%/48% between City and suburban customers, respectively
- Water Purification Plants provide excess capacity and benefit from continuous capital investment
 - Jardine Water Purification Plant is the largest conventional water purification plant in the world
 - Sawyer Water Purification Plant is 8th largest, will be 2nd largest after filtration upgrade in 2024
- The Water department currently has 78 college-degreed engineers, 16 staff with advanced degrees, 27 college-degreed chemists and 6 college-degreed microbiologists
- Water quality meets or exceeds all federal, state and local standards

Demonstrated History of Financial Strength

- Historic and projected strong coverage levels and robust liquidity and fund balance
 - Cash balances over \$400 million, almost 500 days cash on hand
 - Second Lien Bond Coverage over 4X with Other Available Funds; over 2X based on Net Revenues from operations alone
- Predictable revenue growth supported by built-in rate increases at CPI, capped at 5% yoy; however, City Council has unlimited rate setting authority
- Ongoing capital investment to support system

Strong Economic Demographics

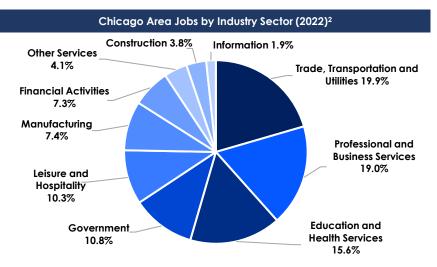
- With \$770 billion GDP (up 10.3% since 2020), Chicago metro area economy is 19th largest in the world
- Regional economy is extremely diverse with no sector at greater than 20% of total employment

City of Chicago

Economic & Financial Update

Chicago's Diverse Economy is Strong

- 400+ major corporate headquarters, offices and facilities
- 35 Fortune 500 companies
- #1 most diversified economy of the largest U.S. metros by employment
- #1 U.S. city for foreign direct investment and #1 U.S. city for corporate expansion and growth per IBM Global Location Trends for eight and nine consecutive years, respectively
- #1 startup ecosystem for female founders and the largest percentage of women-founded startups in the world
- #1 city for highest venture capital multiple on invested capital (\$9.8 billion in growth capital in 2021, nearly \$7 billion which is venture capital, double that of 2020)¹
- #2 largest transportation and logistics sector in the country
- #2 largest metropolitan statistical area in the U.S. as of July 2022 in terms of employees in manufacturing occupations with 417,000 employees
- #2 ranking in "The 53 Best Cities in the World in 2022" by Time Out Media
- #2 host to top 250 conventions in 2022
- Voted "Best Big City in the U.S." for 6th year in a row by Condé Nast (2022)
- Named "Top Metro" for 9th year in a row by Site Selection magazine (2021)



Select Fortune 500 Companies Headquartered in the Chicagoland Area (2022)³





- Per Capita Personal Income in the Chicago MSA continues to outperform Illinois and national levels; with PCI growing at 4.4% annually versus 4.1% and 4.3% for the U.S. and State of Illinois, respectively, since 2012
- The City's population grew 1.9% compared to the 2010 census, increasing as a percent of Illinois population which has had a positive impact on certain revenue streams, including but not limited to, local utility taxes, recreation taxes, PPRT, and business taxes
- Among the seven most populous cities in the U.S., Chicago had the highest share of residents age 25 and over with a college degree at 41.7% from 2017-2021

Population ¹				Per Capita Income ²				
Year	State of Illinois	Chicago	Chicago as % of State of Illinois Population	Year	State of Illinois	Chicago MSA	United States	Chicago as % of US Per Capita Income
2000	12,419,293	2,896,016	23.3%	2018	56,536	60,938	53,786	113.3%
2010	12,830,632	2,695,598	21.0%	2019	58,438	63,024	56,250	112.0%
2010	12,030,032	2,073,370	21.0%	2020	62,139	66,474	59,765	111.2%
2020	12,812,508	2,746,388	21.4%	2021	67,165	71,992	64,117	112.3%

¹ U.S. Census Bureau, "Resident population from decennial census."

² U.S. Bureau of Economic Analysis, Local Area Personal Income last updated: November 16, 2021.

Notable, Large and Recent Pro-Chicago Decisions

Google



- In July 2022, Google announced it will occupy the Thompson Center (1.2M sq. ft.), building on the current 2,000 employee footprint in Fulton Market.
- Thousands of new Google jobs are expected over time, with redevelopment expected to be completed by 2026.

DISC VER[®]



- In 2022, Discover opened its highest performing call center in a redeveloped, formerly abandoned Target shopping center in Chatham.
- The call center employs approximately 500 employees and is expected to house 1,000 employees by 2024.





In June 2022, Kellogg's announced they would be splitting their company into three business units, with its \$11B snack division being globally headquartered in the City.

Kimberly-Clark



- In 2021, Kimberly Clark announced the relocation of a large portion of their North American commercial center to Chicago's Fulton Market.
- The relocation is expected to add 250 jobs.

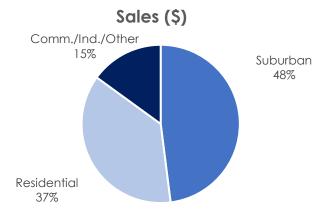


Diverse and Stable Customer Base

- Diverse customer base: no one customer represents more than 15% of revenues
- DWM provides supply, treatment, and distribution of drinking water in Chicago and 120 suburbs
 - o DWM served 494,329 retail customers in 2021
 - o 317,398 customers metered (2021) vs. 205,097 (2012)
 - 176,931 customers were non-metered in 2021
 - Serves ~5.3 million people(41% of State of Illinois)
- Maintains 64 miles of supply tunnels, 4,300 miles of water mains, 2 crib structures, 2 of the world's largest water treatment plants, 12 pumping stations (9 electric, 3 steam powered), 48,000 fire hydrants and 49,000 valves



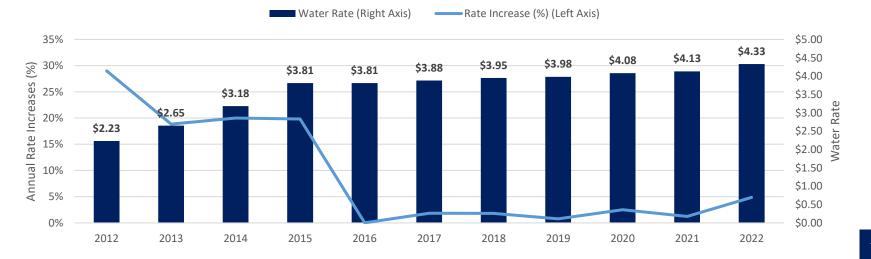
Ten Largest Suburban Customers								
Customer	Amount of Sales (in thousands)	% of Total						
DuPage Water Commission	113,250	14.8%						
Village of Oak Lawn	42,415	5.6%						
NSMJAWA	41,655	5.5%						
Village of Bedford Park	28,736	3.8%						
City of Harvey	14,265	1.9%						
Village of Melrose Park	14,074	1.8%						
Town of Cicero	10,590	1.4%						
Village of McCook	9,148	1.2%						
Village of Alsip	8,034	1.1%						
City of Berwyn	7,598	1.0%						
Total of Top 10	\$289,765	37.9%						
Total Water Sales	\$763,802	100.0%						





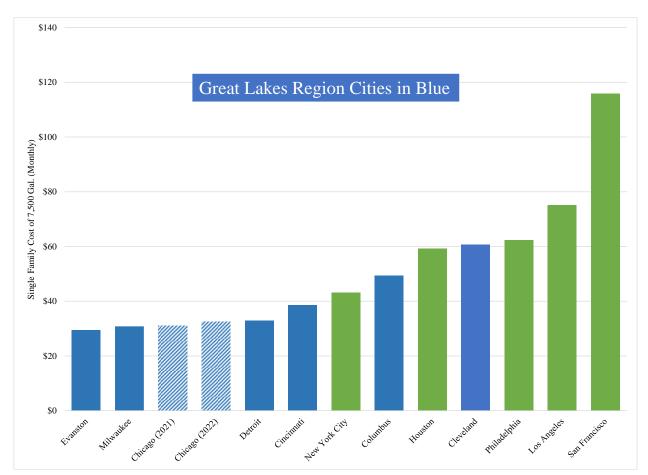
 The City is committed to setting rates to recover costs and to fund continued investments in the Water System

Rate Setting	 Unlimited home rule authority to raise rates Rates established by City Council Can be adjusted at any time
Automatic Adjustments	 Annually adjusted based upon CPI changes 5% cap on growth in rates year-over-year On June 1, 2023, the water rate will increase to \$4.55 per 1,000 gallons of water consumed





• Water rates compare favorably to other large cities



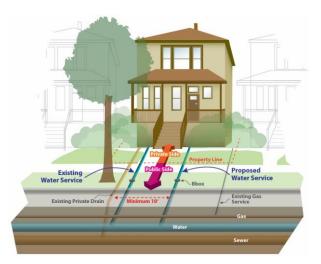
X Capital Projections 2022 - 2026

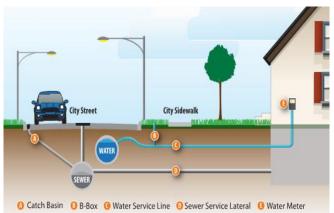
- From 2017-2021, the City funded \$1.2 billion of Water System construction and rehabilitation projects
- The City's 2022-2026 capital improvement plan for water infrastructure totals approximately \$1.7 billion, mostly related to the replacement and construction of water mains and infrastructure related to the LSLR program

Major Projects	Water CIP Total Cost				
Facilities: Jardine Water Purification Plant Sawyer Water Purification Plant	 \$1.7 billion total To be funded by a combination of PAYGO, WIFIA loans and revenue bonds (\$mm) 				
Pumping Stations Water Engineering Meters	400 375 350 333 300 276				
Water Distribution – Water Main Replacement (including associated Lead Service Line Replacement)	250				
Lead Service Line Replacement – Leaks and Breaks	50 0 0 2022 2022 2023 2024 2025				

***** Lead Service Line Replacements (LSLR)

- On April 29, 2021, the City released its LSLR Report, which described the City's plans for Phase II and Phase III of the LSLR Program, possible construction methods and costs, and potential funding sources
- On August 27, 2021, the Lead Service Line Replacement and Notification Act, was signed into state law and became effective for Chicago on January 1, 2023 - requiring the owners and operators of community water supplies in Illinois to develop, implement and maintain a comprehensive water LSLR plan
- Under the Act, the City has 50 years (with the possibility of up to 15 years of extensions) to complete the work, with the 50-year replacement period not starting until 2027
- The City expects the LSLR program to cost between \$8-10 billion and has built a comprehensive 20-year finance plan to support the program without increasing retail residential water rates beyond the current CPI growth
- The City's current LSLR programs:
 - 1. Equity LSLR Program
 - 2. Homeowner Initiated LSLR Program
 - 3. Daycare LSLR Program
 - 4. Breaks and leak LSLR ~4,000-5,000/year, began 1/1/23
 - 5. Block-level LSLR alongside water main replacement
- The City is working with the State to determine how federal LSLR funds will be allocated statewide
- DWM has largest lead database in U.S., having mailed over 100,000 lead test kits and distributed 61,000 water filter kits





X Water Operating History and Projections

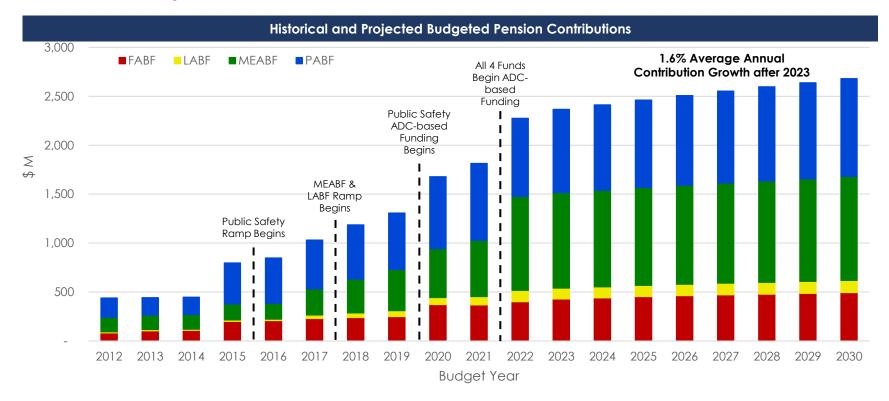
Historical and Pro	jected Finan	cial Operati	ons (Dollars i	n Thousands)		
	Actu (Year Ende		Projected (Year Ended 12/31)				
	2020	2021	2022	2023	2024	2025	2026
Operating and Non-operating Revenues	\$753,611	\$777,459	\$819,787	\$831,326	\$868,112	\$886,771	\$902,591
Operating Expenses							
Source of Supply	200	102	107	112	118	121	124
Power and Pumping	40,705	45,167	47,425	49,797	52,037	53,651	54,885
Purification	61,778	62,334	65,451	68,723	71,816	74,042	75,745
Transmission and Distribution	71,718	74,791	78,531	82,457	86,168	88,839	90,882
Customer Accounting and Collection	26,991	26,521	27,847	29,239	30,555	31,502	32,227
Administrative and General	13,913	14,933	15,680	16,464	17,204	17,738	18,146
Central Services and Gen. Fund Reimbursement	139,839	133,128	117,919	123,814	129,386	133,397	136,465
Indirect Pension Expense			23,258	23,694	25,272	25,660	25,698
Pension Expense	(47,881)	(33,871)	77,322	79,156	84,576	86,875	87,586
Advance Pension Expense	-	-	-	12,998	18,651	18,018	16 <i>,</i> 851
Total Operating Expenses	\$307,263	\$323,105	\$453,540	\$486,454	\$515,783	\$529,843	\$538,609
Net Revenues	\$446,348	\$454,354	\$366,247	\$344,872	\$352,329	\$356,928	\$363,982
Plus: Pension Expense other than contribution	(92,258)	(84,160)	-	-	-	-	-
Other available funds	467,076	423,975	461,115	461,115	461,115	461,115	461,115
Net Revenue Available for Bonds	\$821,166	\$794,169	\$827,362	\$805,987	\$813,444	\$818,043	\$825,097
Existing and Projected Second Lien Debt Service	\$178,607	\$178,616	\$178,520	\$190,600	\$196,375	\$19 4 ,952	\$205,036
Second Lien Debt Service Coverage	4.60x	4.45x	4.63x	4.23x	4.14x	4.20x	4.02x
Existing Subordinate Lien Debt Service	\$33,333	\$38,300	\$37,279	\$37,103	\$37,103	\$37,103	\$36,927
Combined Second & Sub. Lien Debt Service	\$211,940	\$216,916	\$215,799	\$227,703	\$233,478	\$232,055	\$241,963
Combined Second & Sub. Lien Debt Service Coverage	3.87x	3.66x	3.83x	3.54x	3.48x	3.53x	3.41)

City of Chicago

Pension Update

Chicago Pension Contributions Projected to Grow at a Manageable 1.6% Annually

• The City increased pension contributions by \$2.2B from 2014 to 2023, and \$1.3B from 2019 to 2023, including \$242M of advance contributions in 2023 that was paid on January 3, 2023



Note: reflects only the statutory payment, not the advance amounts.

***** The City's New Pension Funding Policy

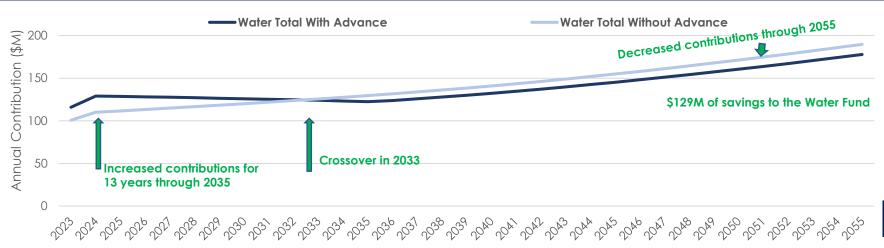
City's debt and pension management policy was adjusted as follows:

- Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, will prevent the total net pension liability of the City from increasing
- The advance contribution will be paid in the first business day of the year in which such contributions are budgeted (2023 contribution paid on January 3, 2023)
- The Water Fund will pay its pro rata share of the advance contribution

An actuarial analysis of the change in policy projects these annual advance pension contributions will reduce the City's future pension costs by \$2.6B and the Water Fund's pension costs by \$129M

As a matter of practice within this policy change, the City will include the investment losses and gains in line with the current practices for the statutory contribution

• In 2022, the pension funds experienced a 12% investment loss which is projected to increase the FY2024 contribution by \$141M, excluding the advance pension contribution



Projected Water Contributions Under New Pension Funding Policy

***** Regional Developments

1001-100



Under AWWA, the City intends to transition to a cost of service rate for its wholesale partners starting in 2030

- This mechanism provides rate predictability and stability to wholesale customers while allowing the City to recover for costs necessary to run the system
- Established precedent and guidance based on AWWA M1, Principles of Water Rates, Fees, Charges, Illinois Case Law, and other large water providers
- Cost of service will be determined based on the portions of the system that each customer uses, creating greater transparency and equity amongst users
- While the growth in the rate over time is currently capped at the inflation cap (or the greater of CPI or 5%), under AWWA the City is allowed to do a 10-year lookback to recover the AWWA rate when it's higher than the inflation cap across a 10-year period

The City established the Chicago Water Partners Advisory Council (CWPAC) to build consensus and input from wholesale customers around rate setting

- On February 24, 2021, the Chicago City Council endorsed the creation of a regional advisory council comprising representatives of all the communities and water systems that receive water service from Chicago (120 communities served throughout the Chicago region supplying water to more than 5 million people in Northeastern Illinois, approximately 41% of Illinois residents)
- The Advisory Council met for the first time in June 2022
- The City has hired a Deputy Commissioner for regional partnerships to manage and strengthen relationships with regional partners

★ Benefits of AWWA Rate Setting Conversion

AWWA rate setting conversion, beginning with Joliet water contract, provides several benefits

- <u>AWWA is industry standard for rate setting</u> nationally as used by peer entities such as Great Lakes Water Authority, Metropolitan Water District of Southern California, City of Houston, Philadelphia Water, San Francisco Public Utilities Commission, and San Diego County Water Authority
- <u>AWWA provides transparency</u> to customers; cost of service requires detailed accounting of components of the system and allocates cost of service to each customer
- <u>Broaden and solidify competitive landscape</u> for Chicago water supply in northeast Illinois
- <u>AWWA conversion kicked off with new financial value</u> to the City of Chicago, or ~\$30 million annually in additional gross revenues from the third most populous city in the State – City of Joliet

City of Joliet Contract	ŀ
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Key Elements of Joliet Contract						
Effective Date	Approved by City Council on April 19, 2023, and anticipated to be effective starting in Q2 2023					
Term	2123 (100 years)					
Projected Annual Revenues	Forecasted to represent approximately \$30mm of revenues on a \$764mm/per year enterprise, and about 10% of all regional sales					
Communities included in Joliet Contract	Joliet and five other communities (Channahon, Crest Hill, Minooka, Romeoville, Shorewood) subsequently agreed to form the Grand Prairie Water Commission (GPWC), which was approved by the IL General Assembly. Preliminary contracts have been entered into by all communities, expected to serve an additional 250,000 in the region					
Water Rate	Cost of service based on AWWA M1. Rate increases capped at lower of audited rate, 5%, or inflation with a 10-year lookback					
Projected Cost of Additional Infrastructure	Infrastructure investments, which are expected to be between \$592-810 million, will be covered by Joliet					
Paying / Financing of Pipeline Construction	Funded by Joliet or GPWC through WIFIA, SRF, and Revenue Bonds					
Assignment to the New Water Commission	Subject to the same terms as the final water supply contract					

***** Water Indenture Modifications

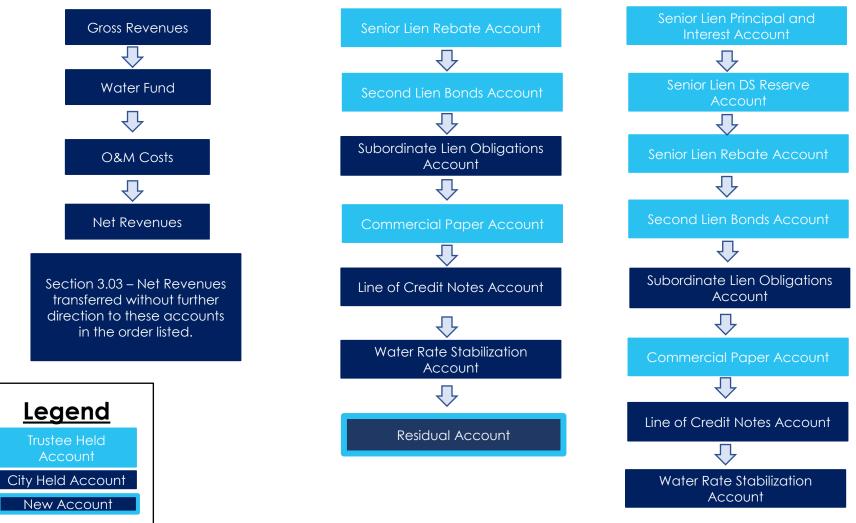
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Amended & Restated Water Master Trust Indenture (MTI)

- 1. <u>Closure of the Senior Lien</u>, with the City having covenanted under the MTI not to issue any obligations with a claim to Net Revenues of the Water System senior to that of the Second Lien Water Revenue Bonds, including the Series 2023 Bonds
- 2. <u>Creation of a Residual Account</u>, which allows for the more flexible use of funds at the bottom of the waterfall for all legally allowable uses of the system, including debt service, defeasance, fulfilling rate covenants and capital improvements; a residual account is necessary under AWWA to allow the rate of return (e.g., equity) allowed under AWWA to be reinvested in the system
- 3. <u>Rate Stabilization Account (RSA) requirement</u> of 90 days cash on hand (currently no indentured or other requirement; 90 days by policy)
- 4. <u>New lien on all Net Revenues</u> prior to deposit with the Trustee, including monies in the Rate Stabilization Account and Residual Funds (currently lien placed only when monies are deposited into Second Lien accounts)
- 5. <u>Streamlined Flow of Funds</u> provides a cleaner and more focused movement of monies within the water fund
- 6. <u>Clarifying changes</u>, including clarifying that pensions are included in O&M as has been the case historically

In addition to creating the new Master Trust Indenture, <u>the City adopted a formal Days</u> <u>Cash on Hand policy of 270 days</u>





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Maturity Date	New Money (Series 2023A) Amortization	Maturity Date	Refunding (Series 2023B) Amortization
11/1/2045	\$4,195,000	11/1/2023	\$28,500,000
11/1/2046	\$4,415,000	11/1/2024	\$24,500,000
11/1/2047	\$4,645,000	11/1/2025	-
11/1/2048	\$4,890,000	11/1/2026	-
11/1/2049	\$5,150,000	11/1/2027	-
11/1/2050	\$5,420,000	11/1/2028	-
11/1/2051	\$5,705,000	11/1/2029	-
11/1/2052	\$6,005,000	11/1/2030	- \$30,255,000
11/1/2053	\$6,320,000	11/1/2032	\$24,520,000
11/1/2054	\$6,650,000	11/1/2033	\$12,500,000
11/1/2055	\$7,000,000	11/1/2034	\$15,000,000
11/1/2056	\$7,365,000	11/1/2035	\$25,000,000
11/1/2057	\$7,750,000	11/1/2036	\$25,000,000
11/1/2058	\$8,160,000	11/1/2037	\$29,615,000
11/1/2059	\$8,590,000	11/1/2038	\$15,000,000
11/1/2060	\$9,060,000	11/1/2039	\$31,845,000
11/1/2061	\$9,560,000	11/1/2040	\$33,440,000
11/1/2062	\$10,085,000	11/1/2041	\$35,115,000
Total	\$120,965,000	11/1/2042 Total	\$36,860,000 \$367,150,000



Financing Timetable*					
Event	Date				
Pricing	May 2, 2023				
Closing	May 9, 2023				

City of Chicago

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CHICAGO



Thank You





City of Chicago

Second Lien Wastewater Transmission Revenue Bonds, Project Series 2023A Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2023B



Disclaimer

This Investor Presentation you are about to view is provided as of April 20, 2023 for a proposed offering by the City of Chicago (the "City") of its Wastewater Transmission Revenue Bonds, Series 2023AB (the "Bonds"). If you are viewing this Investor Presentation after April 20, 2023 there may have been events that occurred subsequent to such date that would have a material adverse effect on the financial information that is presented herein, and neither the City nor Stifel, Nicolaus & Company, Incorporated (the "Underwriter") have undertaken any obligation to update this presentation. All market prices, financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

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Certain Investment Considerations (refer to POS p. 43)

As set forth in the POS under "INVESTMENT CONSIDERATIONS", potential investment considerations include but are not limited to the following: Effect of Potential Future Ratings Downgrades; Unfunded Pensions; Environmental Regulations; Operational Security and Cybersecurity of the Sewer System; Water Conservation; Limited; Obligations; Second Lien Status of Bonds; Issuance of Additional Bonds; No Assurance of Secondary Market; Adverse Change in Laws; Bankruptcy; Uncertain Enforcement Remedies; Force Majeure Events; Other Considerations (Debt Covenants, Sewer Rates); Forward-Looking Statements.

X Deal Participants

CITY OF CHICAGO- Department of Finance

Jennie Huang Bennett Chief Financial Officer Jack Brofman Deputy Chief Financial Officer

CITY OF CHICAGO - Department of Water Management

Andrea Cheng Commissioner David Kohn Deputy Commissioner

CO-FINANCIAL ADVISORS

PFM Financial Advisors

Sycamore Advisors

BOOKRUNNER

Stifel, Nicolaus & Company, Incorporated

CO-SENIOR MANAGERS Siebert Williams Shank & Co., LLC

PNC Capital Markets LLC

CO-MANAGERS

Stinson Securities, LLC

Valdés & Moreno Inc.

Blaylock Van, LLC

Cabrera Capital Markets LLC

CO-BOND COUNSEL

ArentFox Schiff LLP

Golden Holley James, LLP

CO-DISCLOSURE COUNSEL

Charity & Associates, P.C.

BurgherGray LLP

UNDERWRITERS' COUNSEL

Chico & Nunes, P.C



- First bonds issued under new Master Trust Indenture which features elevated second lien rate covenant (1.1x) and ABT (1.1x), a 90 Days Cash on Hand requirement for the Sewer Rate Stabilization Account, and a streamlined flow of funds
- The City adopted a formal Sewer Fund Days Cash on Hand policy of 270 days

	Second Lien Wastewater Transmission Revenue Bonds, Project Series 2023A ¹	Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2023B ¹
Par Amount	\$132,250,000	\$179,470,000
Pricing Date	May 2, 2023	May 2, 2023
Delivery Date	May 11, 2023	May 11, 2023
Use of Proceeds Various wastewater capital improvements Current refu		Current refunding of the Series 2012 Bonds
Underlying Ratings	S&P: A+ (stable outlook) Fitch: A (positive outlook) Kroll: AA- (stable outlook)	S&P: A+ (stable outlook) Fitch: A (positive outlook) Kroll: AA- (stable outlook)
Bond Insurance	All or a portion will be insured by AGM	All or a portion will be insured by AGM
Security	Second lien on net revenues of the City's sewer system	Second lien on net revenues of the City's sewer system
Maturity DatesJanuary 1, 2040 to January 1, 2062January		January 1, 2029 to January 1, 2039
Tax Status	Tax-Exempt	Tax-Exempt

Credit Summary

* 14 4 - 20

Key Credit Strengths

Diverse and Stable Service Area

- The Chicago Sewer System serves approximately 2.7 million people
- The five largest sewer customers accounted for only 2.4% of sewer sales in 2021

History of Approving Rate Increases

- Rate flexibility and predictable revenue growth supported by built-in rate increases at CPI
- Since 2016, rates have been automatically increased annually at CPI without City Council approval

New MTI Focused on Bondholder Protections

- Newly established Master Trust Indenture pursuant to which 2023 bonds will be offered
- New Master Trust Indenture increases Rate Covenant and Additional Bonds Test to 110% on second lien wastewater bonds

New Financial Policies Strengthen the Sewer Fund's Finances

- The City has segregated Sewer funds from the City's General Fund since 2019
- 270 Days Cash on Hand policy (Days Cash on Hand as of December 31, 2021 equals 575 days)

Intentional Financing Structure

- Conservatively managed capital structure with 100% of Wastewater bonds at a fixed rate
- · Level or descending debt service structure conducive to future CIP borrowings
- Coverage ranges from 2.41x to 2.78x from 2022 through 2026

Strategic Capital Improvement Program

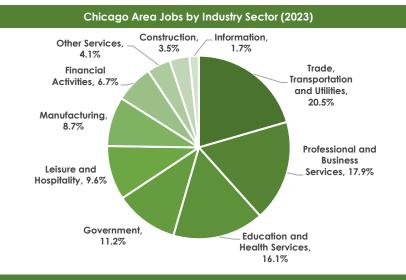
• The accelerated 2012 to 2021 CIP addressed deferred maintenance through the construction of 212 miles of sewer main, 546 miles of sewer main lined, and construction of 101,000 sewer structures

City of Chicago

Economic & Financial Update

Chicago's Diverse Economy is Strong¹

- 400+ major corporate headquarters, offices and facilities
- 35 Fortune 500 companies
- #1 most diversified economy of the largest U.S. metros by employment
- #1 U.S. city for foreign direct investment and #1 U.S. city for corporate expansion and growth per IBM Global Location Trends for eight and nine consecutive years, respectively
- #1 startup ecosystem for female founders and the largest percentage of women-founded startups in the world
- #1 city for highest venture capital multiple on invested capital (\$9.8 billion in growth capital in 2021, nearly \$7 billion which is venture capital, double that of 2020)¹
- #2 largest transportation and logistics sector in the country
- #2 largest metropolitan statistical area in the U.S. as of July 2022 in terms of employees in manufacturing occupations with 417,000 employees
- #2 ranking in "The 53 Best Cities in the World in 2022" by Time Out Media
- #2 host to top 250 conventions in 2022
- Voted "Best Big City in the U.S." for 6th year in a row by Condé Nast (2022)
- Named "Top Metro" for 9th year in a row by Site Selection magazine (2021)



Select Fortune 500 Companies Headquartered in the Chicagoland Area (2022)





- Per Capita Personal Income in the Chicago MSA continues to outperform Illinois and national levels; with PCI growing at 4.4% annually versus 4.1% and 4.3% for the U.S. and State of Illinois, respectively, since 2012
- The City's population grew 1.9% compared to the 2010 census, increasing as a percent of Illinois population which has had a positive impact on certain revenue streams, including but not limited to, local utility taxes, recreation taxes, PPRT, and business taxes
- Among the seven most populous cities in the U.S., Chicago had the highest share of residents age 25 and over with a college degree at 41.7% from 2017-2021

Population ¹					Per	Capita Inco	me²	
Year	State of Illinois	Chicago	Chicago as % of State of Illinois Population	Year	State of Illinois	Chicago MSA	United States	Chicago as % of US Per Capita Income
2000	12,419,293	2,896,016	23.3%	2018	56,536	60,938	53,786	113.3%
2010	12,830,632	2,695,598	21.0%	2019	58,438	63,024	56,250	112.0%
2020	12,812,508	2,746,388	21.4%	2020	62,139	66,474	59,765	111.2%
				2021	67,165	71,992	64,117	112.3%

Notable, Large and Recent Pro-Chicago Decisions





- In July 2022, Google announced it will occupy the Thompson Center (1.2M sq. ft.), building on the current 2,000 employee footprint in Fulton Market.
- Thousands of new Google jobs are expected over time, with redevelopment expected to be completed by 2026.





- In 2022, Discover opened its highest performing call center in Chatham in a redeveloped, formerly abandoned Target shopping center.
- The call center employs approximately 500 employees and is expected to house 1,000 employees by 2024.





In June 2022, Kellogg's announced they would be splitting their company into three business units, with its \$11B snack division being globally headquartered in the City.

Bimberly-Clark



- In 2021, Kimberly Clark announced the relocation of a large portion of their North American commercial center to Chicago's Fulton Market.
- The relocation is expected to add 250 jobs.

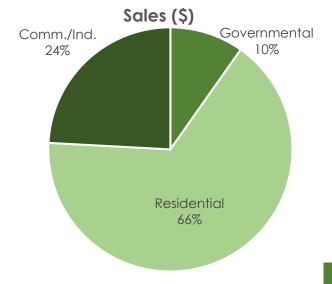
City of Chicago

×Operational & Financial Update

Diverse and Stable Customer Base

- Serves approximately 2.7 million people
- Approximately 4,400 miles of sewers and more than 350,000 sewer structures
- Collects and transmits sanitary and storm water to the Metropolitan Water Reclamation District of Greater Chicago for treatment and disposal
- Revenues not heavily reliant on any sector or individual customer
 - The system's five largest customers accounted for approximately 2.4% of 2021 sales
- Approximately 494,329 sewer accounts, including 62,680 exempt accounts

Five Largest Sewer Customers							
Customer	Sales (in thousands)	% of Total					
Department of Aviation	\$3,343	0.89%					
CPD - Lincoln Park	1,679	0.44%					
University of Illinois at Chicago	1,383	0.37%					
Ford Motor Co.	1,377	0.36%					
WR Grace and Company	1,322	0.35%					
Top 5 Sales	9,104	2.41%					
Total Sewer Sales	\$378,566	100%					





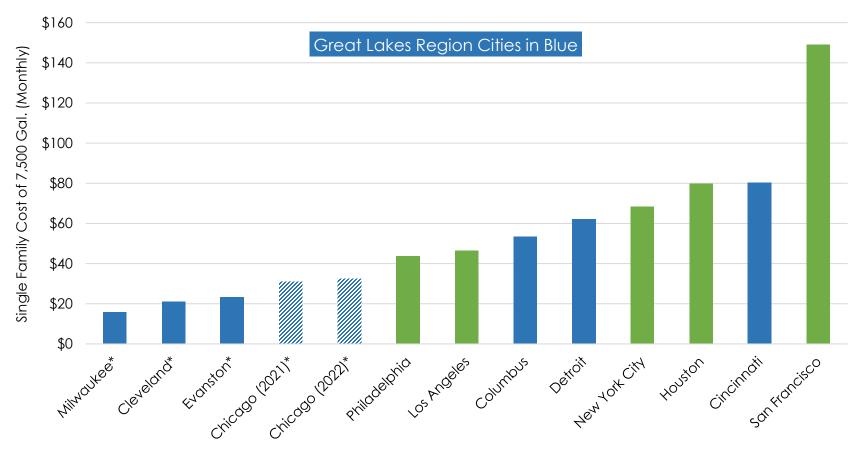
 The City commits to setting rates to recover costs and to fund continued investments in the Wastewater System

Rate Setting	 Unlimited home rule authority to raise rates Rates established by City Council Can be adjusted at any time
	 Since 2015, Sewer rates have been equal to Water rates
Automatic Adjustments	 Annually adjusted based upon lesser of: (a) CPI (Chicago All Items) changes and (b) 5% On June 1, 2023, the sewer rate will increase to \$4.55 per 1,000 gallons of water consumed (equal to the water rate)





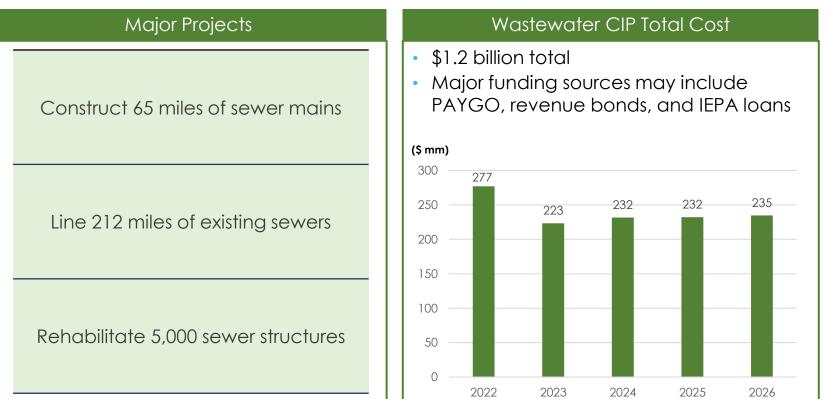
Sewer rates compare favorably to other large cities



*The City's Department of Water Management does not operate any sewage treatment facilities. The rates shown for the cities with asterisks reflect sewer charges that include wastewater transmission only. The rates shown for other cities reflect sewer charges that include wastewater transmission and wastewater treatment.

Capital Projections 2022 - 2026

- From 2012 to 2021, the City constructed 212 miles of sewer main, lined 546 miles of sewer main, and constructed 101,000 sewer structures
- The City's 2022-2026 capital improvement plan for sewer infrastructure totals approximately \$1.2 billion, mostly related to the replacement and construction of sewer mains and related infrastructure



X Wastewater Operating History and Projections

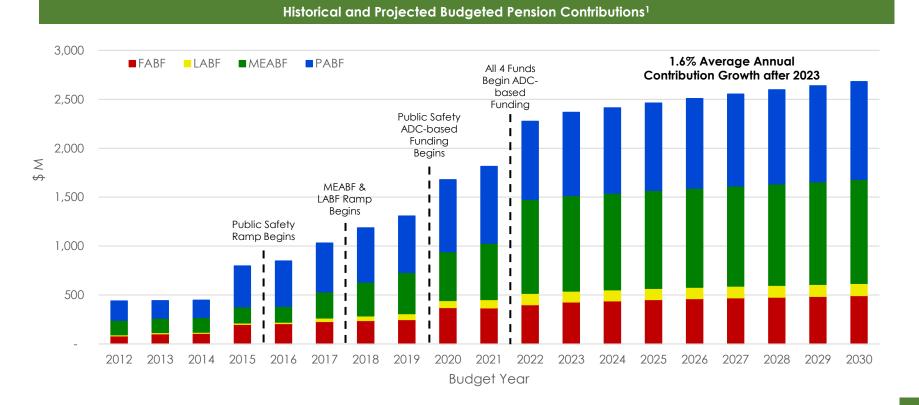
Historical and Projecte	d Financial (Operations (Dollars in The	ousands) ¹			
	Actu	val					
	(Year Ende	ed 12/31)					
	2020	2021	2022	2023	2024	2025	2026
Total Operating and Non-operating Revenues	\$346,087	\$368,434	\$378,908	\$405,696	\$423,066	\$436,851	\$446,964
Repairs	\$47,398	\$44,066	\$46,269	\$48,583	\$50,769	\$52,343	\$53,547
Maintenance	24,405	25,861	27,154	28,512	29,795	30,718	31,425
Administrative and general	12,320	13,891	14,586	15,315	16,004	16,500	16,880
Engineering	4,776	5,328	5,594	5,874	6,138	6,329	6,474
General Fund reimbursements	54,467	55,937	37,658	37,213	38,888	40,093	41,015
Direct pension contributions	(23,853)	(4,979)	29,018	28,307	30,977	31,984	32,252
Advance pension contributions	-	-	-	4,176	6,053	5,900	5,524
Indirect pension contributions	-	-	14,529	14,577	15,548	15,787	15,810
Total Operating Expenses	\$119,513	\$140,104	\$174,808	\$182,556	\$194,172	\$199,653	\$202,927
Net Revenues	\$226,574	\$228,330	\$204,100	\$223,139	\$228,894	\$237,198	\$244,037
Plus: Pension Expense other than contribution	(40,972)	(24,917)	-	-	-	-	
Other available funds	255,980	263,437	207,660	207,660	207,660	207,660	207,660
NET REVENUES AVAILABLE FOR BONDS	\$441,582	\$466,850	\$411,760	\$427,911	\$434,617	\$441,954	\$450,328
Existing Senior Lien Debt Service	\$13,654	\$13,720	\$13,670	\$13,695	\$595	\$24,680	\$24,680
Senior Lien Debt Service Coverage	32.34x	34.03x	30.12x	31.25x	730.45x	17.91x	18.25x
Total Existing and Projected Second Lien Debt Service (Including							
the Bonds and Future Issuances, Refundings, & Defeasances)	\$123,522	\$117,094	\$123,689	\$98,656	\$113,261	\$95,155	\$101,846
Combined Senior & Second Lien Debt Service	\$137,176	\$130,814	\$137,359	\$112,351	\$113,856	\$119,835	\$126,526
Subordinate Lien (IEPA) Debt Service	\$21,727	\$27,387	\$33,234	\$42,574	\$42,574	\$42,574	\$42,574
COMBINED SENIOR, SECOND, & SUB. LIEN DEBT SERVICE	\$158,903	\$158,201	\$170,593	\$154,925	\$156,430	\$162,409	\$169,100
Combined Senior, Second & Sub. Lien Debt Service Coverage	2.78x	2.95x	2.41x	2.76x	2.78x	2.72x	2.66x

City of Chicago

Pension Update

Chicago Pension Contributions Projected to Grow at 1.6% Annually

• The City increased pension contributions by \$2.2B from 2014 to 2023, and \$1.3B from 2019 to 2023, including \$242M of advance contributions in 2023 that was paid on January 3, 2023



★ The City's New Pension Funding Policy

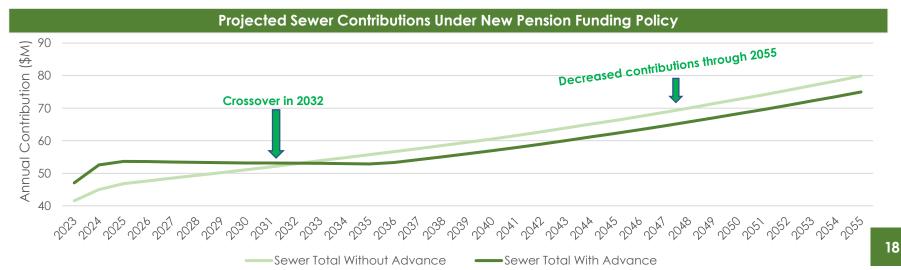
City's debt and pension management policy was adjusted as follows:

- Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, will prevent the total net pension liability of the City from increasing
- The advance contribution will be paid in the first business day of the year in which such contributions are budgeted (2023 contribution paid on January 3, 2023)
- The Sewer Fund will pay its pro rata share of the advance contribution

An actuarial analysis of the change in policy projects these annual advance pension contributions will reduce the City's future pension costs by \$2.6B and the Sewer Fund's pension costs by \$60M

As a matter of practice within this policy change, the City will include the investment losses and gains in line with the current practices for the statutory contribution

• In 2022, the pension funds experienced a 12% investment loss which is projected to increase the FY2024 contribution by \$141M, excluding the advance pension contribution



***** New Master Trust Indenture

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X Creation of a New Master Trust Indenture

- Previously wastewater bonds issued pursuant to ordinances and series by series trust indentures without a master trust indenture
- The Series 2023 Bonds are the first bonds being issued under a new Master Trust Indenture
- The new Master Trust Indenture features:
 - 1. <u>Effective Closing of Senior Lien;</u> City covenants not to issue additional obligations senior to the second lien
 - <u>Rate Covenant and Additional Bonds Test Increased to 110%</u> on second lien wastewater bonds
 - 3. <u>Rate Stabilization Account Requirement</u> of 90 Days Cash on Hand
 - 4. <u>Creation of a Residual Account</u> at the bottom of the flow of funds for all legally allowable uses of the system, including debt service
 - 5. <u>Streamlined Flow of Funds</u> provides a cleaner and more focused movement of monies within the wastewater fund and dictates that pensions are included in O&M as has been the case historically
- In addition to creating the new Master Trust Indenture, <u>the City adopted a formal Days</u> <u>Cash on Hand policy of 270 days</u>
- As part of the City's financial policies, <u>Sewer funds are segregated from the City's</u> <u>general fund</u>

Sewer Revenue Fund Flow of Funds Reflecting Indenture Changes New Flow of Funds Bond Principal and Interest Account Gross Revenues Л, **Bond Debt Service** Reserve Account Sewer Revenue Fund ₽ Senior Lien Rebate Account O&M Costs Second Lien Bonds Account Net Revenues Second Lien Bonds Debt Service Reserve Account Section 3.3 – Net Revenues transferred without further ₅ direction to these accounts in the order listed. Second Lien Rebate Account Net revenues in excess of amounts needed for the √ purpose of Section 3.3 can be deposited into the Subordinate Lien Residual Account. **Obligations Account** Legend Commercial Paper and Line of Credit Account Trustee Held Account J Sewer Rate **City Held Account** Stabilization Account √ New City Held Account **Residual Account**

Plan of Finance

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Preliminary Amortization¹

Project Se	eries 2023A	Refunding Series 2023B				
Maturity Date	Principal	Maturity Date	Principal			
1/1/2040	\$3,340,000	1/1/2029	\$13,340,000			
1/1/2041	\$3,485,000	1/1/2030	\$14,005,000			
1/1/2042	\$3,640,000	1/1/2031	\$14,710,000			
1/1/2043	\$3,805,000	1/1/2032	\$15,445,000			
1/1/2044	\$4,000,000	1/1/2033	\$16,215,000			
1/1/2045	\$4,175,000	1/1/2034	\$17,025,000			
1/1/2046	\$4,365,000	1/1/2035	\$17,875,000			
1/1/2047	\$4,560,000	1/1/2036	\$18,770,000			
1/1/2048	\$4,770,000	1/1/2037	\$19,710,000			
1/1/2049	\$4,985,000	1/1/2038	\$15,695,000			
1/1/2050	\$5,215,000	1/1/2039	\$16,680,000			
1/1/2051	\$5,450,000	Total	\$179,470,000			
1/1/2052	\$5,705,000					
1/1/2053	\$5,970,000					
1/1/2054	\$6,245,000					
1/1/2055	\$6,550,000					
1/1/2056	\$6,875,000					
1/1/2057	\$7,210,000					
1/1/2058	\$7,570,000					
1/1/2059	\$7,940,000					
1/1/2060	\$8,355,000					
1/1/2061	\$8,790,000					
1/1/2062	\$9,250,000					
Total	\$132,250,000					

Financing Information

Financing Timetable ¹						
Event	Date					
Pricing	May 2, 2023					
Closing	May 11, 2023					

Contact Information									
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S Y	CAMORE ADVISORS LLC	(CO-FINANCIAL ADVISOR)							
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CHICAGO



Thank You



Sales Tax Securitization Corporation

Sales Tax Securitization Bonds \$41,650,000* Refunding Series 2023D (Forward Delivery) \$176,920,000* Second Lien Refunding Series 2023C (Forward Delivery)

Investor Presentation April 20, 2023



*Preliminary, subject to change

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The electronic Investor Presentation you are about to view is provided as of April 20, 2023, for a proposed offering by the Sales Tax Securitization Corporation (the "Corporation" or "STSC") of its Sales Tax Securitization Bonds, Refunding Series 2023D (Forward Delivery) (the "Senior Lien Series 2023D Bonds") and Second Lien Sales Tax Securitization Bonds, Refunding Series 2023C (Forward Delivery) (the "Second Lien Series 2023C Bonds"). Market prices, financial data, and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice. If you are viewing this presentation after April 20, 2023, there may have been subsequent events that could have a material adverse effect on the financial information that is presented herein. Neither the Corporation nor the underwriters have undertaken any obligation to update this electronic presentation.

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Any investment decision regarding the Senior Lien Series 2023D Bonds and the Second Lien Series 2023C Bonds should only be made after a careful review of the complete Preliminary Offering Circular. You will be responsible for consulting with your own advisors and making your own independent investigation and appraisal of the risks, benefits, appropriateness and suitability of the proposed transaction and any other transactions contemplated by this presentation and neither the Corporation nor the underwriters are making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. Transactions involving the Senior Lien Series 2023D Bonds and the Second Lien Series 2023C Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of Senior Lien Series 2023D Bonds and the Second Lien Series 2023C Bonds for your particular circumstances.

This Investor Presentation may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. We caution you not to place undue reliance on these statements. All statements other than statements of historical fact could be deemed forward-looking. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice.

Prospective investors should contact their respective salesperson and execute transactions through an underwriter for Senior Lien Series 2023D Bonds and the Second Lien Series 2023C Bonds qualified in their home jurisdiction unless governing law permits otherwise.

Financing Terms*

	Financing Summary	,							
Issuer	Sales Tax Securitization Corporation								
Issue	Sales Tax Securitization Bonds	Second Lien Sales Tax Securitization Bonds							
Lien	Senior Lien	Second Lien							
Series	Refunding Series 2023D (Forward Delivery)	Refunding Series 2023C (Forward Delivery)							
Par Amount*	\$41,650,000*	\$176,920,000*							
Federal Tax Status ¹	Tax-Exempt	Tax-Exempt							
Structure*	Fixed-rate bonds maturing in 20and 2020	Fixed-rate bonds maturing in 20 and 2020							
Call Provision*	January 1, 2033 optional redemption at par	January 1, 2033 optional redemption at par							
Use of Proceeds	 Refinance outstanding advances on an existing line of credit agreement Pay costs of issuance 	 Refund all or a portion of the outstanding City of Chicago General Obligation Bonds, Project and Refunding Series 2014A Pay costs of issuance 							
Expected Pricing*	Thursday, M	lay 4, 2023							
Expected Closing *	Wednesday, Oc	tober 4, 2023							
Interest Due*	January 1 and July 1, com	mencing January 1, 2024							
Principal Due	Janu	ary 1							
Ratings	Applied for	Applied for							
Additional Bonds	The Corporation may issue Additional Senior Lien Bonds and Additional Second Lien Bonds subject to applicable Additional Bor Tests								
Additional Bonds Test	Senior Lien: 4.00x Maximum Annual Debt Service Senior & Second Lien in Aggregate: 1.75x Aggregate Maximum Annual Debt Service								
DSRF Requirement	No	ne							

Historical and Projected Sales Tax Collections



Sales Tax Revenue Background

	Sales Taxes Collecter	d by the State and Sold to the STSC
Description	 Home Rule Sales Taxes Municipal Retailers' Occupation Tax Municipal Service Occupation Tax Municipal Use Tax on Titled Personal Property¹ Local Share Sales Taxes Illinois Retailers' Occupation Tax Illinois Service Occupation Tax Illinois Service Occupation Tax Illinois Use Tax Illinois Use Tax Illinois Service Use Tax 	2018 to 2022² Sales Tax Summary (\$ Millions) Year 2018 2019 2020 2021 2022 Sales Tax Revenues \$687.43 \$713.82 \$638.73 \$747.80 \$869.74 2018 to 2023YTD² Monthly Sales Tax Revenues Subject to Appropriation (%) 35.00% 30.00% 4
Rates	• 1% to 6.25%.	25.00%
Collections	 The Illinois Department of Revenue collects all taxes pledged to STSC bondholders at the time of sale from the seller Taxpayers with an average monthly sales tax liability in excess of \$20,000 are required to file returns and remit payments four times per month These revenues are remitted to the STSC under the Sale Agreement on a monthly basis, usually near the beginning of the third month following the month it is received by the Department of Revenue 	20.00% 15.00% 10.00% 5.00% 0.00% 5.00% 10.5201 10.5201 10.5201 10.5201 10.5201 10.5201 10.5201 10.5201 10.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.5201 11.
Appropriation	 The local share of the Illinois Use Tax and Illinois Service Use Tax are subject to annual appropriation by the State Comprised 17.6% of Sales Tax Revenues pledged to the STSC in 2021 Comprised 14.5% of Sales Tax Revenues pledged to the STSC in 2022² tate in Cook County and 5 contiguous counties. 	**STSC

5

SALES TAX SECURITIZATION CORPORATION

¹ Portion collected by the State in Cook County and 5 contiguous counties. ² Sales Tax Revenues for 2022 and 2023 are expected to be reflected in the Statistical Sections of the

Corporation's audited basic financial statements for fiscal year 2022 and fiscal year 2023, respectively

Sales Tax Revenues Sold to the Corporation

	Тах	Items Taxed	Tax Rate	% of Net Tax Collections Payable to Corporation	Subject to Annual State Appropriation
	Municipal Retailers' Occupation Tax	 Tax imposed on persons selling in the City at retail most items of nontitled tangible personal property The amount of tax is based on the gross receipts 	1.25%	100% ¹	No
Home Rule Sales Taxes	Municipal Service Occupation Tax	 Tax imposed on persons making sales in the City of services where tangible personal property or real estate is transferred The amount of tax is based on the selling price 	1.25%	100% ¹	No
	Municipal Use Tax on Titled Personal Property	 Tax imposed on the privilege of using within the City titled personal property that is purchased at retail from a retailer and that is titled or registered in the City The amount of tax is based on the selling price Collected on sales in Cook County and five contiguous counties 	1.25%	100% ¹	No
	Illinois Retailers' Occupation Tax	 Tax imposed on persons engaged in the business of selling at retail tangible personal property (other than grocery food, drugs and medical appliances) The amount of tax is based on the gross receipts 	6.25%	16%²	No
		 Tax on grocery food, drugs and medical appliances 	1.00%	100% ²	No
	Illinois Service Occupation Tax	 Tax imposed on persons making sales of service where tangible personal property is transferred (other than grocery food, drugs and medical appliances) The amount of tax is based on the selling price 	6.25%	16%²	No
	·	 Tax on grocery food, drugs and medical appliances 	1.00%	100%2	No
State		 Tax imposed on the privilege of using in the State most items of titled tangible personal property purchased outside the State The amount of tax is based on the selling price or fair market value 	6.25%	16%²	No
Sales Taxes	Illinois Use Tax	 Tax imposed on the privilege of using in the State most items of nontitled tangible personal property purchased outside the State The amount of tax is based on the selling price or fair market value 	6.25%	4%	Yes
		 Tax on grocery food, drugs and medical appliances purchased outside of the State 	1.00%	20%	Yes
	Illinois Service Use Tax	 Tax imposed on the privilege of using in the State most items of tangible personal property transferred as an incident to the sale outside the State of a service from a service provider The amount of tax is based on the selling price 	6.25%	4%	Yes
		 Tax on grocery food, drugs and medical appliances transferred as an incident to the sale outside the State of a service from a service provider 	1.00%	20%	Yes

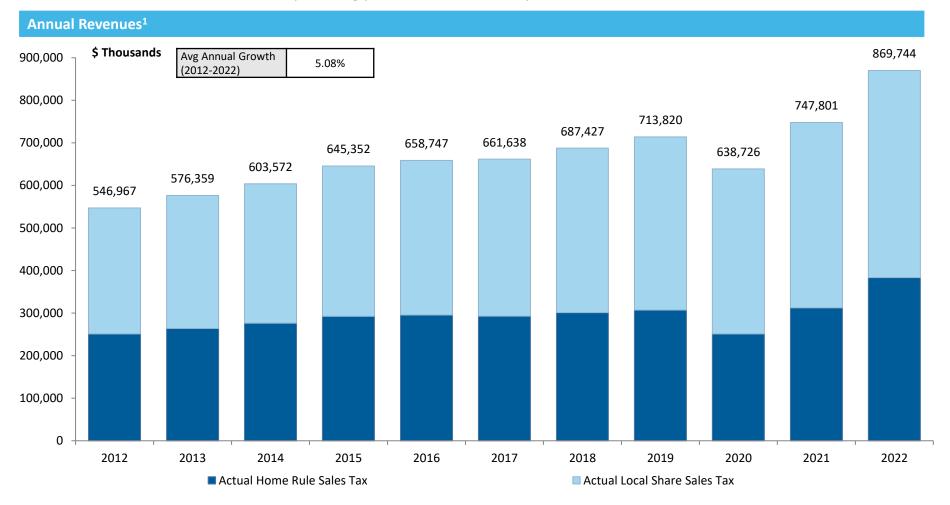
*** * STSC** SALES TAX SECURITIZATION CORPORATION

1. Net of administrative fees for collection by the Illinois Department of Revenue

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

Sales Tax Revenues Sold to the Corporation Have Exceeded Pre-COVID Levels

- 2022 and 2021 Sales Tax Revenues exceeded both 2019 and 2020 levels, with 2021 levels at \$747.8 million and with unaudited 2022 levels exceeding \$869 million
 - This chart also reflects the City's strong post COVID-19 recovery



1. Sales Tax Revenues for 2022 are expected to be reflected in the Statistical Section of the Corporation's audited basic financial statements for fiscal year 2022. Cash basis.

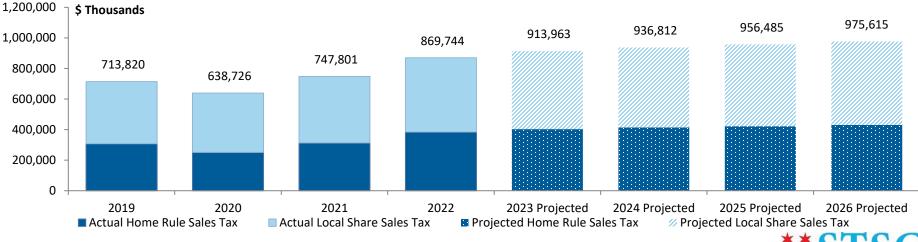


Sales Tax Revenues are Projected to Continue to Grow

- Sales Tax Revenues for FY2022 have increased by 16.3% from FY2021 levels
 - Local sales tax on online sales began collection on January 1, 2021, further reinforcing an already broad and diverse revenue base
 - Each of January through December 2022 revenues were above their respective monthly revenues in 2021, 2020, and 2019, suggesting that sales tax revenues have not only recovered from the reduced revenues during the pandemic but continue to grow steadily
 - March 2023 was the highest single month of revenues in the history of the Corporation followed by March 2022, September 2022 and November 2022, suggesting continued strengthening of the revenues
 - Since June 2021, Sales Tax Revenues in each month have exceeded the monthly Sales Tax Revenues for the same month in 2019
 - Home Rule Sales Tax Revenues (unaudited) for the first quarter of 2023 totaled \$103.7 million, a 9% increase over the same period in 2022
 - Local Share Sales Tax Revenues (unaudited) for the first quarter of 2023 totaled \$135.3 million, an 8% increase over the same period in 2022
 Growth Assumptions (CPI)

The City maintains conservative projections on sales tax growth	Year	Moody's	S&P
	2023	3.3%	3.7%
Virtually all sales tax growth is based on CPI which is assumed to be 3.1% in 2023	2024	2.4%	1.6%
This compares conservatively to both Moody's and S&P which assumes 3.3% and 3.7%,	2025	2.1%	1.4%
respectively, for 2023	Source: M	loody's, S&P	





TAX SECURITIZATION CORPORATION

Sales Tax Revenues for 2022 are expected to be reflected in the Statistical Section of the Corporation's audited basic financial statements for fiscal year 2022. Cash Basis.
 8

STSC Legal Structure & Flow of Funds



STSC Provides a Mechanism for Bonding against Sales Tax Revenues Collected by the State

 The Corporation issued its first series of Senior Lien Bonds in 2017

The current Directors of the Corporation are:

- Jennie Huang Bennett (CFO of the City)
- Susie Park (Budget Director of the City)
- Reshma Soni (Comptroller of the City)
- Scott Waguespack (Chair of the Committee on Finance of the City Council)
- Pat Dowell (Chair of the Committee on Budget and Government Operations of the City Council)

The current Officers of the Corporation are:

- Jennie Huang Bennett (President)
- Jack Brofman (Secretary-Treasurer)

Authorizing Act¹

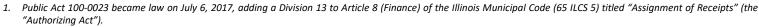
- Authorizes the City to effect the absolute conveyance of the Sales Tax Revenues to the Corporation
- Attaches a Statutory Lien to the Sales Tax Revenues without further action from the City or the Corporation
- Includes non-impairment covenant of the State

Corporate Structure

- Corporation is organized for the limited purpose of purchasing the Sales Tax Revenues and issuing bonds, notes, or other obligations for the benefit of the City
- Separate corporate existence and bankruptcy-remote from the City under the Authorizing Act and the Corporation's Articles of Incorporation and Bylaws
- Does not have the power to pledge the full faith and credit of the City
- No Secured Obligation of the Corporation can be an obligation of the City

3)Sale Agreement²

- Absolute and unconditional assignment and true sale of Sales Tax Revenues
- Conveyance is further confirmed by the City's irrevocable direction to the State to pay all Sales Tax Revenues directly to the Trustee
- Includes non-impairment covenant of the City



2. The Assignment, Purchase and Sale Agreement among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee for the Sales Tax Securitization Bonds (the "Trustee"), (the "Sale Agreement") was executed on December 14, 2017.



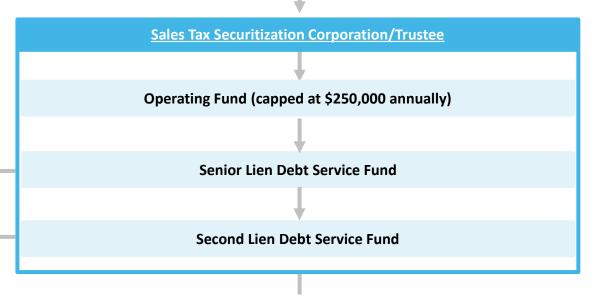
Summary of the Flow of Funds

Simplified Flow of Funds

Sales Taxes Collected By the State Home Rule Sales Taxes State Sales Taxes

Transferred monthly from the State directly to the Trustee

<u>Senior Lien Debt Service Fund Set Asides:</u> 150% of the interest and principal as would accrue on the outstanding bonds to the end of the current calendar month until the succeeding debt service payment is fully funded



<u>Second Lien Debt Service Fund Set Asides:</u> 120% of the interest and principal as would accrue on the outstanding bonds to the end of the current calendar month until the succeeding debt service payment is fully funded

Residual revenues are free and clear of the lien of the Master Trust Indenture and are transferred to the City

<u>City of Chicago</u> The City may use these revenues for any corporate purpose



Plan of Finance



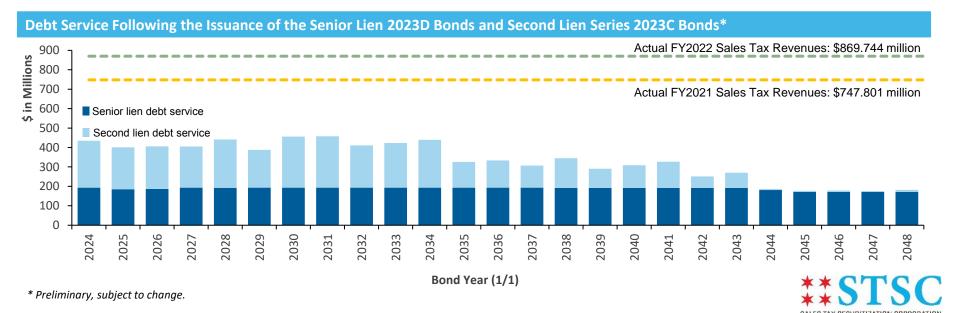
Additional Bonds Tests and Debt Service Coverage

Additional Bonds

- To issue additional Senior Lien Bonds other than refunding bonds, the Corporation must provide a certificate demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 4.00x Senior Lien Maximum Annual Debt Service
- To issue additional Second Lien Bonds other than refunding bonds, the Corporation must provide a certificate demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 1.75x Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds

Impact of Finance Plan on Coverage*

- STSC expects to have additional Senior and Second Lien capacity under the Additional Bonds Test ("ABT") given actual increased Sales Tax Revenues in 2022
- Based on FY2022 Sales Tax Revenues, coverage of aggregate maximum annual debt service for the Senior Lien Series 2023D Bonds and Second Lien Series 2023C Bonds is expected to be 1.90x following the issuance of the Bonds
- The Corporation has a buffer between its ABT thresholds and FY2022 Revenues of \$68 million



Plan of Finance Overview*

Par Amortization of the Bonds*								
Maturity	Senior Lien Series 2023D (Tax-Exempt)	Second Lien Series 2023C (Tax-Exempt)						
1/1/2024	12,135,000	22,865,000						
1/1/2025	2,310,000	_						
1/1/2026	-	_						
1/1/2027	-	_						
1/1/2028	2,300,000	-						
1/1/2029	250,000	14,815,000						
1/1/2030	5,985,000	-						
1/1/2031	555,000	7,630,000						
1/1/2032	580,000	32,620,000						
1/1/2033	800,000	2,560,000						
1/1/2034	670,000	57,130,000						
1/1/2035	7,330,000	39,300,000						
1/1/2036	7,285,000	-						
1/1/2037	1,450,000							
Total	41,650,000	176,920,000						



Preliminary Financing Schedule and Contact Information



Financing Schedule & Contact Information

April								May						October							
S	Μ	Т	W	Т	F	S		S	Μ	Т	W	Т	F	S	S	М	Т	W	Т	F	S
						1			1	2	3	4	5	6	1	2	3	4	5	6	7
2	3	4	5	6	7	8		7	8	9	10	11	12	13	8	9	10	11	12	13	14
9	10	11	12	13	14	15		14	15	16	17	18	19	20	15	16	17	18	19	20	21
16	17	18	19	20	21	22		21	22	23	24	25	26	27	22	23	24	25	26	27	28
23	24	25	26	27	28	29		28	29	30	31				29	30	31				
30																					

	Financing Schedule*											
ober N T F S			s		Bond Issuance Schedule							
4	5	6 13	7		Post POC / Investor Presentation	Thursday, April 20						
			21 28		Pricing	Thursday, May 4						
					Forward Delivery / Settlement	Wednesday, October 4						

Sales Tax Securitization Corporation

Jennie Huang Bennett President jennie.bennett@salestaxsecuritizationcorporation.com (312) 744-7159

Jack Brofman Secretary-Treasurer jack.brofman@salestaxsecuritizationcorporation.com (312) 744-5042

Financial Advisors

Public Alternative Advisors LLC Peter Orr, Senior Managing Director Peter.Orr@public-alternative.com (646) 202-9446 x101

Phoenix Capital Partners, LLP Andre Allen, Principal aallen@phoenix-capital-partners.com (312) 577-7599

PFM Financial Advisors LLC Nat Singer, Senior Director SingerN@pfm.com (973) 460-7900

SALES TAX SECURITIZATION CORPORATION

(312) 744-5042	(312) 577-7599								
RBC Capital Markets – Joint Bookrunner									
Carlos Pineiro	James Kelly								
Managing Director	Director								
carlos.pineiro@rbccm.com	james.kelly@rbccm.com								
(312) 559-2083	(312) 559-3880								
Siebert Williams Shank & Co., LL	C – Joint Bookrunner								
Gary Hall	Ramón Ortega								
National Head, Infrastructure and Public Finance	Managing Director								
ghall@siebertwilliams.com	rortega@siebertwilliams.com								
(510) 645-2248	(312) 759-1040								
UBS Financial Services Inc. –	Joint Bookrunner								
Elizabeth Coolidge	Liberty Ziegahn								
Managing Director	Executive Director								
elizabeth.coolidge@ubs.com	liberty.ziegahn@ubs.com								
(312) 525-4158	(312) 525-4081								

* Preliminary, subject to change.

16