

**SALES TAX SECURITIZATION CORPORATION**  
**Board of Directors Meeting**  
**Thursday, November 2, 2017, 2:00 PM**  
**City Hall, Room 604-A**  
**121 N. LaSalle Street**  
**Chicago, Illinois**

**I.** Chair Carole Brown called the meeting to order at 2:07 PM.

Directors Present: Carole L. Brown, Edward M. Burke, Samantha Fields, and Erin Keane.

Directors Not in Attendance: Carrie M. Austin.

The Chair announced that a quorum was present.

The Chair invited members of the public present to sign up to speak later in the meeting.

**II. Resolution to Ratify Actions of the Incorporator and to Approve the Articles of Incorporation and Bylaws**

A resolution was presented in the form attached hereto as Exhibit A to ratify actions of the incorporator and to approve the Articles of Incorporation and Bylaws. Following discussion, **Director Burke moved to adopt the resolution as presented. Director Keane seconded the motion. Four directors voted in favor, none were opposed, and the resolution was adopted.**

**III. Resolution to Elect a Secretary-Treasurer and to Assign FOIA and Open Meetings Act Duties**

A resolution was presented in the form attached hereto as Exhibit B to elect a Secretary-Treasurer and to assign the Secretary-Treasurer duties related to the Illinois Freedom of Information Act and Open Meetings Act. Following discussion, **Director Burke moved to adopt the resolution as presented. Director Keane seconded the motion. Four directors voted in favor, none were opposed, and the resolution was adopted.**

**IV. Resolution Approving the City Services Agreement and Other Services Agreements**

A resolution was presented in the form attached hereto as Exhibit C to enter into a services agreement with the City of Chicago and to authorize the retention and engagement of other service providers. Following discussion, **Director Burke moved to adopt the resolution as presented. Director Fields seconded the motion. Four directors voted in favor, none were opposed, and the resolution was adopted.**

**V. Resolution to Authorize the Sales Tax Securitization Bonds**

A resolution was presented in the form attached hereto as Exhibit D to authorize the sales tax securitization bonds. Following discussion, **Director Burke moved to adopt the**

**resolution as presented. Director Fields seconded the motion. Four directors voted in favor, none were opposed, and the resolution was adopted.**

**VI. Resolution to Approve a Budget for 2017 and 2018**

A resolution was presented in the form attached hereto as Exhibit E to approve a budget for 2017 and 2018. Following discussion, **Director Burke moved to adopt the resolution as presented. Director Keane seconded the motion. Four directors voted in favor, none were opposed, and the resolution was adopted.**

**VII. Public Comments**

Carole Brown invited comments from the public. There were none.

**VIII. Adjournment**

**Director Burke moved to adjourn the meeting. Director Keane seconded the motion. Four directors voted in favor, none were opposed, and the meeting was adjourned at 2:30 PM.**

**EXHIBIT A**

**Resolution Ratifying Actions of the Incorporator and  
Approving the Articles of Incorporation and Bylaws**

**RESOLUTION OF  
THE BOARD OF DIRECTORS OF THE  
SALES TAX SECURITIZATION CORPORATION**

**Ratifying Actions of the Incorporator and  
Approving Organizational Documents**

**November 2, 2017**

**WHEREAS**, the City Council of the City of Chicago (the “City”), by ordinance passed on October 11, 2017, authorized the establishment of the Sales Tax Securitization Corporation (the “Corporation”); and

**WHEREAS**, the Corporation was incorporated in the State of Illinois pursuant to the General Not For Profit Corporation Act of 1986 on October 17, 2017; and

**WHEREAS**, the Board of Directors of the Corporation now desires to approve the steps previously taken to organize the Corporation and to approve certain additional actions in connection therewith;

**NOW, THEREFORE, BE IT RESOLVED** by the Corporation as follows:

Sec. 1. All actions taken by the incorporator, Michael J. Perlowski, in forming and organizing the Corporation, in the name and on behalf of the Corporation, are hereby ratified, confirmed, approved and adopted as valid and binding acts of the Corporation. The Corporation, to the full extent permitted by law, shall indemnify the incorporator against any and all damages, costs or injury sustained in connection with the formation and organization of the Corporation.

Sec. 2. The Articles of Incorporation of the Corporation filed in the office of the Secretary of State of the State of Illinois on October 17, 2017, a copy of which are attached hereto as Exhibit A, are hereby ratified, confirmed, approved and adopted in all respects as the Articles of Incorporation of the Corporation, and a true and correct copy of such Articles of Incorporation shall be inserted into the Corporate record book.

Sec. 3. The Bylaws attached hereto as Exhibit B are hereby adopted as the Bylaws of the Corporation, and a true and correct copy of such Bylaws shall be inserted into the Corporate record book.

**EXHIBIT A**  
**ARTICLES OF INCORPORATION**



## OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

OCTOBER 17, 2017

7140-262-2

CT CORPORATION SYSTEM  
118 W EDWARDS ST STE 200  
SPRINGFIELD, IL 62704

RE SALES TAX SECURITIZATION CORPORATION

DEAR SIR OR MADAM:

ENCLOSED YOU WILL FIND THE ARTICLES OF INCORPORATION OF THE ABOVE NAMED CORPORATION. THE CORPORATION IS REQUIRED TO FILE AN ANNUAL REPORT EACH YEAR. BLANK FORMS WILL BE MAILED BY THIS OFFICE TO THE REGISTERED AGENT AS SHOWN BY OUR FILES APPROXIMATELY 60 DAYS PRIOR TO ITS ANNIVERSARY MONTH. (ORIGINAL DATE OF INCORPORATION).

THE REQUIRED FEE OF \$50.00 IN THIS CONNECTION HAS BEEN RECEIVED AND PLACED TO YOUR CREDIT.

CERTAIN NOT FOR PROFIT CORPORATIONS ORGANIZED AS A CHARITABLE CORPORATION ARE REQUIRED TO REGISTER WITH THE OFFICE OF THE ATTORNEY GENERAL. UPON RECEIPT OF THE ENCLOSED ARTICLES OF INCORPORATION, YOU MUST CONTACT THE CHARITABLE TRUST DIVISION, OFFICE OF THE ATTORNEY GENERAL, 100 W. RANDOLPH, 11TH FLOOR, CHICAGO, ILLINOIS 60601 TELEPHONE (312) 814-2595.

THE ISSUANCE OF THE ARTICLES OF INCORPORATION DOES NOT ENTITLE THE CORPORATION TO A PROPERTY TAX EXEMPTION. YOU MUST APPLY FOR THAT EXEMPTION THROUGH THE BOARD OF REVIEW IN THE COUNTY WHERE THE REAL ESTATE IS LOCATED.

SINCERELY,

*Jesse White*

JESSE WHITE  
SECRETARY OF STATE  
DEPARTMENT OF BUSINESS SERVICES  
CORPORATION DIVISION  
TELEPHONE (217) 782-6961

FORM NFP 102.10 (rev. Dec. 2003)  
ARTICLES OF INCORPORATION  
General Not For Profit Corporation Act

**FILED**

OCT 17 2017

JESSE WHITE  
SECRETARY OF STATE

Secretary of State  
Department of Business Services  
501 S. Second St., Rm. 350  
Springfield, IL 62756  
217-782-9522  
www.cyberdriveillinois.com

Remit payment in the form of a  
cashier's check, certified check,  
money order or Illinois attorney's  
or C.P.A.'s check payable  
to Secretary of State.

File # 71402622 Filing Fee: \$50 Approved: [Signature]

----- Submit in duplicate ----- Type or Print clearly in black ink ----- Do not write above this line -----

**Article 1.**

Corporate Name: SALES TAX SECURITIZATION CORPORATION

**Article 2.**

Name and Address of Registered Agent and Registered Office in Illinois:

Registered Agent: CT Corporation System  
First Name Middle Name Last Name

Registered Office: 208 South LaSalle Street, Suite 814  
Number Street Suite # (P.O. Box alone is unacceptable)  
Chicago IL 60604 Cook 016  
City ZIP Code County

**Article 3.**

The first Board of Directors shall be five in number, their Names and Addresses being as follows  
Not less than three

Director Name Street Address City State ZIP Code

--- REFER TO EXHIBIT A ATTACHED HERETO, INCORPORATED HEREIN BY REFERENCE AND

MADE A PART HEREOF. ---

**Article 4.**

Purpose(s) for which the Corporation is organized:

--- REFER TO EXHIBIT B ATTACHED HERETO, INCORPORATED HEREIN BY REFERENCE AND MADE A  
PART HEREOF. ---

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(continued on back)

**Article 4.(continued)**

Is this Corporation a Condominium Association as established under the Condominium Property Act? (check one)

Yes  No

Is this Corporation a Cooperative Housing Corporation as defined in Section 216 of the Internal Revenue Code of 1954? (check one)

Yes  No

Is this Corporation a Homeowner's Association, which administers a common-interest community as defined in subsection (c) of Section 9-102 of the code of Civil Procedure? (check one)

Yes  No

**Article 5.**

Other provisions (For more space, attach additional sheets of this size.):---REFER TO EXHIBIT C ATTACHED HERETO, INCORPORATED HEREIN BY REFERENCE AND MADE A PART HEREOF.---

**Article 6.**


**Names & Addresses of Incorporators**

The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated October 17, 2017  
Month Day Year

**Signatures and Names**

**Post Office Address**

1.   
Signature  
Michael J. Perlowski  
Name (print)

2. \_\_\_\_\_  
Signature  
\_\_\_\_\_  
Name (print)

3. \_\_\_\_\_  
Signature  
\_\_\_\_\_  
Name (print)

1. 71 South Wacker Drive  
Street  
Chicago, Illinois 60606  
City, State, ZIP

2. \_\_\_\_\_  
Street  
\_\_\_\_\_  
City, State, ZIP

3. \_\_\_\_\_  
Street  
\_\_\_\_\_  
City, State, ZIP

**Signatures must be in BLACK INK on the original document.**

**Carbon copies, photocopies or rubber stamped signatures may only be used on the duplicate copy.**

- If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Please print name and title beneath the officer's signature.
- The registered agent cannot be the corporation itself.
- The registered agent may be an individual, resident in Illinois, or a domestic or foreign corporation, authorized to act as a registered agent.
- The registered office may be, but need not be, the same as its principal office.
- A corporation that is to function as a club, as defined in Section 1-3.24 of the "Liquor Control Act" of 1934, must insert in its purpose clause a statement that it will comply with the State and local laws and ordinances relating to alcoholic liquors.

**Return to:**

\_\_\_\_\_  
Firm Name  
\_\_\_\_\_  
Mailing address

\_\_\_\_\_  
Attention  
\_\_\_\_\_  
City, State, ZIP



**EXHIBIT A  
TO  
ARTICLES OF INCORPORATION  
OF  
SALES TAX SECURITIZATION CORPORATION**

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**Article 3.**

The first Board of Directors shall be five in number, their Names and Addresses being as follows:

- 1.) Carole L. Brown
- 2.) Samantha Fields
- 3.) Erin Keane
- 4.) Edward M. Burke
- 5.) Carrie M. Austin

The address of each of the Directors of the Corporation is as follows:

121 North LaSalle Street  
Chicago, Illinois 60602

**EXHIBIT B  
TO  
ARTICLES OF INCORPORATION  
OF  
SALES TAX SECURITIZATION CORPORATION**

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Article 4. The Corporation is organized and operated exclusively for civic, charitable and educational purposes within the meaning of the General Not For Profit Corporation Act of 1986. Subject to and within the limits of the foregoing, the Corporation is organized to undertake certain activities for the benefit of the City of Chicago and residents thereof in order to lessen the burdens of government that would otherwise fall on the City of Chicago. The Corporation is not organized for profit, and the corporate income thereof will not inure to any private person.

**EXHIBIT C  
TO  
ARTICLES OF INCORPORATION  
OF  
SALES TAX SECURITIZATION CORPORATION**

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Article 5. Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities and obligations of the Corporation, cause the remaining assets of the Corporation to be distributed to the City of Chicago for a public purpose.

**EXHIBIT B**  
**BYLAWS**

**BYLAWS**

**of**

**SALES TAX SECURITIZATION CORPORATION**

an Illinois not for profit corporation

THESE BYLAWS WERE ADOPTED BY THE BOARD OF DIRECTORS AS OF NOVEMBER 2, 2017

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BYLAWS  
OF  
SALES TAX SECURITIZATION CORPORATION  
an Illinois not for profit corporation

**ARTICLE I.  
PURPOSES**

The purposes for which the SALES TAX SECURITIZATION CORPORATION (the “Corporation”), an Illinois (the “State”) not for profit corporation (the “Corporation”) and instrumentality of the City of Chicago (the “City”) is organized are:

*Section 1.1. General Purpose.* To operate exclusively for civic, charitable and educational purposes within the meaning of the General Not For Profit Corporation Act of 1986, State of Illinois, as amended (the “NFP Act”).

*Section 1.2. Specific Purposes.* Subject to and within the limits of Sections 1.1 and 1.3, for the benefit of the City and the residents thereof, in order to lessen the burdens of government that would otherwise fall on the City, the Corporation is organized:

(a) to provide funding for any lawful purpose of the City, including, specifically, funding for capital and infrastructure requirements of the City or to refund any outstanding obligations of the City through the issuance of obligations of the Corporation and the transfer of the net proceeds of such obligations to, or upon the order of, the City to accomplish such purposes in consideration of the Corporation’s receipt of specified revenue sources of the City assigned, sold, transferred or conveyed by the City to the Corporation; and

(b) to refund outstanding obligations of the Corporation on such terms as shall be determined from time to time by the City and the Corporation.

*Section 1.3. Limitations.* (a) The Corporation is an instrumentality of the City established and organized in accordance with an ordinance adopted by the City Council of the City (the “Council”) on October 11, 2017 (the “Ordinance”), and shall be operated in accordance with these Bylaws, the Ordinance and such other ordinances as may be adopted from time to time by the Council (the Ordinance and such other ordinances being referred to herein as the “Ordinances”).

(b) No part of the funds received by the Corporation or any interest earnings thereon shall inure to the benefit of, or be distributable to, its Directors (as hereinafter defined), officers or other private persons, except that the Corporation shall be authorized and empowered to pay to any person not a Director reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth above.

**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

**ARTICLE II.  
OFFICES**

*Section 2.1.* The Corporation shall have and continuously maintain in the State a registered office and a registered agent whose office is identical with such registered office. The Corporation may have other offices within or without the City as the Board of Directors of the Corporation (the “*Board of Directors*”) may from time to time determine.

**ARTICLE III.  
MEMBERS**

*Section 3.1.* The Corporation shall have no members.

**ARTICLE IV.  
BOARD OF DIRECTORS**

*Section 4.1. General Powers.* The affairs of the Corporation shall be managed by the Board of Directors (each individual director thereof referred to herein as a “*Director*”). The Board of Directors shall determine compliance with the Corporation’s stated purposes and limitations, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws, the Corporation’s Articles of Incorporation (the “*Articles*”), or the Ordinances.

*Section 4.2. Number, Appointment and Term of Directors.* (a) Except as described in Section 4.2(b), the Board of Directors shall consist of five voting Directors, being (i) *ex officio*, the Chief Financial Officer of the City (as defined in Section 1-4-090(k) of the Municipal Code of Chicago) (the “*CFO*”), (ii) *ex officio*, the Budget Director of the City (the “*Budget Director*”), (iii) *ex officio*, the Comptroller of the City (the “*Comptroller*”), (iv) the Chair (the “*Finance Chair*”) of the Committee on Finance of the Council (the “*Finance Committee*”) or, in lieu of the Finance Chair, a member of the Finance Committee (the “*Finance Committee Designee*”) designated by the Finance Chair and approved by the Mayor of the City (the “*Mayor*”), and (v) the Chair (the “*Budget Chair*”) of the Committee on Budget and Government Operations of the Council (the “*Budget Committee*”) or, in lieu of the Budget Chair, a member of the Budget Committee designated by the Budget Chair and approved by the Mayor (the “*Budget Committee Designee*”). Any individual who is a Director because of his or her position as the CFO, the Budget Director, the Comptroller, the Finance Chair or the Budget Chair shall cease to be a Director if such individual no longer holds such position. If the Finance Committee Designee ceases to be a member of the Finance Committee, such individual will no longer be a director of the Corporation and the replacement for such Director shall be another member of the Finance Committee (including the Finance Chair) designated by the Finance Chair and approved by the Mayor. If the Budget Committee Designee ceases to be a member of the Budget Committee, such individual will no longer be a director of the Corporation and the replacement for such Director shall be another member of the Budget Committee (including the Budget Chair) designated by the Budget Chair and approved by the Mayor.



**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

(b) The size of the Board of Directors shall be increased to six voting Directors in the event that the Board of Directors determines to take an action that would constitute a Specified Vote (as hereinafter defined), in which case the sixth voting Director (the “*Independent Director*”) shall be a Director independent of the City who has not been, in the preceding five years: (i) a direct or indirect legal or beneficial owner in the Corporation or any of its Affiliates (as hereinafter defined); (ii) a creditor, supplier, employee, officer, family member, manager, or contractor of the Corporation or any of its Affiliates; or (iii) a person who controls (whether directly, indirectly, or otherwise) the Corporation or any of its Affiliates. As used herein, “*Affiliate*” means a person or entity that, directly or indirectly through one or more intermediaries, has a 10 percent or more voting or economic interest in the Corporation or controls, is controlled by or is under common control with the Corporation. Any Independent Director shall be appointed by the Mayor with the approval of the Council. Such appointment must occur prior to the taking by the Board of Directors of any Specified Vote. Once appointed, the Independent Director shall serve for a three-year term and shall serve until his or her successor is duly qualified and appointed. Any person or entity serving as Independent Director may be re-appointed to such position for one or more terms. The Independent Director so appointed need not be a resident of the State. In the event that an Independent Director has been appointed and the position thereafter becomes vacant due to the resignation of the Independent Director or for some other cause, then, prior to the consideration by the Board of Directors of a Specified Vote, a new Independent Director shall be appointed and be subject to the provisions of this subsection (b).

(c) In the event that the positions of CFO or Budget Director are terminated or cease to exist for any reason, a replacement director (a “*Replacement Director*”) shall be appointed by the Mayor with the approval of the Council. Any Replacement Director shall serve an initial term of three years from the applicable Replacement Date and shall serve until such time as his or her successor is duly qualified and appointed. Any person or entity serving as Replacement Director may be re-appointed to such position for one or more terms.

(d) Except in connection with the appointment of a Replacement Director, any vacancy in the Board of Directors shall be filled in the same manner as the original appointment for the vacant Director position.

*Section 4.3. Interest of Independent Director.* Any Independent Director who has any interest in any entity that is currently performing work for the Corporation or for the City, or is being considered by the Corporation to perform work for the Corporation or for the City, to receive funds from the Corporation or from the City, or to provide funds to or otherwise make an investment in the Corporation, shall recuse himself or herself from any vote of the Board of Directors regarding said entity. If said vote is a Specified Vote, the Specified Vote may not be held while such interest of the Independent Director persists. For the purposes of this paragraph, the term “interest” shall include any “financial interest” as defined in Chapter 2-156 of the Municipal Code of Chicago, subject to the exceptions to such definition set forth in said definition.

**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

*Section 4.4. Fiduciary Duty of Directors.* The Directors owe a fiduciary duty to the Corporation, and are, therefore, strictly prohibited from making decisions or recommendations on behalf of the Corporation for personal gain.

*Section 4.5. Compensation.* The Directors shall not be compensated by the Corporation, but shall be entitled to reimbursement from funds of the Corporation for all necessary expenses incurred in connection with the performance of their duties as Directors.

*Section 4.6. CFO as Chair.* The CFO shall be the Chair of the Board of Directors.

*Section 4.7. The Chair.* The Chair shall preside at all meetings of the Board of Directors, *provided that* in the absence of the Chair from any meeting, the Directors present at such meeting shall select one of their number to preside. At each meeting, the Chair shall submit such recommendations and information as he or she may consider proper concerning the business, duties and affairs of the Corporation, and in general shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time.

*Section 4.8. Compliance with the Open Meetings Act.* The Board of Directors will provide public notice of its meetings and conduct its meetings in accordance with the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.*, as now enacted or as hereafter amended (the “*Open Meetings Act*”).

*Section 4.9. Quorum.* A majority of the Directors then in office and physically present shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided that, if less than a majority of the Directors are present at such meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

*Section 4.10. Manner of Acting.* Except where otherwise provided by law, the Articles or these Bylaws, including, specifically, an action to approve a Specified Vote: (a) except as provided in clause (b) of this section, the act of three Directors at a meeting at which a majority of the Directors is present shall be the act of the Board of Directors; and (b) at any time the Board of Directors has been increased to six Directors in accordance with Section 4.2(b), the act of four Directors at a meeting at which a majority of the Directors is present shall be the act of the Board of Directors.

*Section 4.11. Manner of Acting on a Specified Vote.* Any vote of the Board of Directors to (a) cause the Corporation to file, consent to the filing of, or join in any filing of a petition for bankruptcy or commence a proceeding to liquidate, wind up or otherwise cease operations (in taking such action, the Board of Directors shall consider the interests of the creditors of the Corporation in connection with all such actions); (b) dissolve, liquidate, consolidate, combine, merge or sell substantially all of its assets (subject to Section 8.3 hereof); (c) amend these bylaws or any other organizational documents of the Corporation in a manner adverse to the interests of the holders of any obligations of the Corporation then outstanding; or (d) take any other action which could be adverse to the interests of any holders of then-outstanding obligations issued by

**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

the Corporation shall be considered a “*Specified Vote*.” Any Specified Vote shall become effective only upon the affirmative vote of all Directors (including, for the avoidance of doubt, the Independent Director), and such Specified Vote may not be taken or become effective during any period in which there is a vacancy in any Director position.

*Section 4.12. Meeting by Conference Telephone or Videoconference.* If a quorum is physically present at a meeting of the Board of Directors, the Board of Directors may permit a Director to participate in and act at such meeting by means of conference telephone, videoconference or other communications equipment through which all persons participating in the meeting can hear each other simultaneously if the Director is prevented from physically attending the meeting because of (a) personal illness or disability, (b) employment purposes or Corporation business or (c) a family or other emergency. Participation at a meeting in accordance with this Section shall be equivalent to attendance and presence in person at the meeting of the person or persons so participating, except for the purpose of determining that a quorum exists in accordance with Section 4.9 hereof.

*Section 4.13. Annual Meeting.* The Annual Meeting of the Board of Directors shall be held on such day as the Board of Directors shall designate for the purpose of electing officers and for the transaction of any other proper business.

*Section 4.14. Regular and Special Meetings.* The Board of Directors shall meet at least annually, and more often as determined by the Chair. Special meetings of the Board of Directors may be called by or at the request of the Chair or any two Directors.

*Section 4.15. Notice of Meetings.* The Board of Directors shall give public notice and notice to each Director of the time, place and purpose of each meeting of the Board of Directors in accordance with the requirements of the Open Meetings Act. Except as provided by law, posting a meeting agenda shall not preclude the consideration of items not specifically set forth in the agenda.

*Section 4.16. Location of Meetings.* The Board of Directors may designate any place within the City as the place of meeting for any annual meeting, regular meeting or special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation as designated from time to time.

*Section 4.17. Records of Proceedings.* The Corporation shall keep records of all proceedings of the Board of Directors and of any committee having been delegated authority to act on behalf of the Board of Directors, including minutes of such proceedings, in conformity with the minutes and recording requirements imposed on public bodies under the Open Meetings Act. Such minutes shall be posted and maintained on the Corporation’s website, if any.

**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

**ARTICLE V.  
OFFICERS OF THE CORPORATION**

*Section 5.1. General.* The officers of the Corporation shall be a President and a Secretary-Treasurer. Additional officers of the Corporation may be elected by the Board of Directors or be selected by the President in accordance with the provisions of this Article. Any officer of the Corporation may also be a Director, other than the Independent Director, and may be an employee of the City. Any two or more offices may be held by the same person.

*Section 5.2. President.* The CFO shall be the President of the Corporation and shall act as the principal executive officer of the Corporation. He or she may sign, with any other proper officer of the Corporation authorized by the Board of Directors, any bonds, contracts, or other instruments which the Board of Directors authorizes to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation.

*Section 5.3. Secretary-Treasurer.* The Secretary-Treasurer shall keep minutes of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws; be custodian of the corporate records of the Corporation; be responsible for the legal affairs of the Corporation; be the chief financial officer of the Corporation; subject to the guidance and direction of the Chair and consistent with requirements for issuers of municipal securities, adopt and implement customary policies pertaining to the finances of the Corporation; and, subject to the guidance and direction of the Chair, have charge of the financial affairs of the Corporation. If required by the Board of Directors, the Secretary-Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Secretary-Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article XI of these Bylaws; and in general perform all the duties incident to the office of Secretary-Treasurer and such other duties as from time to time may be assigned to him or her by the Chair or by the Board of Directors. If there is a vacancy in the office of Secretary-Treasurer, the President may appoint an individual to such office to serve until the next meeting of the Board of Directors.

*Section 5.4. Election and Term of Office.* Except as permitted in the following sentence, officers of the Corporation other than the President shall be elected by the Board of Directors at any duly called meeting of the Board of Directors. The Board of Directors may by resolution also delegate to the President the authority to hire and fire officers and employees subordinate to the President. Officers shall serve for a term of one year or until their successors are duly qualified and elected. Election of any officer shall not of itself create contract rights.

*Section 5.5. Compensation.* Officers of the Corporation shall not be compensated by the Corporation, but shall be entitled to reimbursement from funds of the Corporation for all necessary expenses incurred in connection with the performance of their duties as officers.

**BYLAWS OF  
SALES TAX SECURITIZATION CORPORATION**

**ARTICLE VI.  
INTERESTED DIRECTORS AND OFFICERS**

*Section 6.1. Conflicts of Interest.* No contract or transaction between the Corporation and one or more of its officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the interested Director or officer is present at or participates in the meeting of the Board of Directors or a committee thereof which authorizes the contract or transaction, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

(b) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or a committee thereof.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction but may not be counted when the Board of Directors takes action on the contract or transaction.

For purposes of this Section 6.1, a Director or officer of the Corporation shall not be deemed interested in any way solely as a result of such Director or officer being employed by the City.

*Section 6.2. Burden of Proof.* In a proceeding contesting the validity of a contract or transaction described in Section 6.1, the person asserting validity has the burden of proving fairness unless the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum.

*Section 6.3. Self-Dealing.* Any contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, which would constitute an act of self-dealing between a disqualified person and a private foundation under Section 4941 of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States internal revenue law) (the “Code”) or an “excess benefit transaction” under Section 4958 of the Code shall be void

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and beyond the authority of the Corporation, the Board of Directors, and its officers to agree or consent to.

**ARTICLE VII.  
INDEMNIFICATION OF DIRECTORS AND OFFICERS**

*Section 7.1. Indemnification.* The Corporation shall indemnify each Director and each officer who was or is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

*Section 7.2. Action by Corporation.* The Corporation shall indemnify each Director and each officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a Director or officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, except that no indemnification shall be made in respect of any claim, issue or matter as to which such Director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability, but in view of all the circumstances of the case, such Director or officer is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

*Section 7.3. Expenses.* To the extent that a person who is or was a Director, officer, employee or agent of the Corporation, or of any other corporation, partnership, joint venture, trust or other enterprise with which such person is or was serving in such capacity at the request of the Corporation, has been successful on the merits or otherwise in defense of any action, suit

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or proceeding referred to in Sections 7.1 or 7.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

*Section 7.4. Standard of Conduct.* Any indemnification under Sections 7.1 and 7.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1 or 7.2. Directors will not be indemnified pursuant to Sections 7.1 and 7.2 for instances of gross negligence or willful misconduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable but a quorum of disinterested Directors so direct, by independent legal counsel in a written opinion.

*Section 7.5. No Exclusivity.* The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a Director or officer seeking indemnification may be entitled under any statute, provision in the Articles, these Bylaws, agreement, vote of disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

*Section 7.6. Insurance.* The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article 7.

*Section 7.7. Survival Following Merger.* For purposes of this Article 7, references to "the Corporation" shall include, in addition to the surviving Corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had power and authority to indemnify its Directors, officers, employees or agents, so that any person who is or was a Director, officer, employee or agent of such merging corporation or is or was serving at the request of such merging corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article 7 with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

*Section 7.8. Severability.* The invalidity or unenforceability of any provision in this Article shall not affect the validity or enforceability of the remaining provisions of this Article.

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**ARTICLE VIII.  
LIMITATION ON POWER OF THE CORPORATION**

*Section 8.1. No Power to Pledge the City's Credit.* The Corporation shall have no power to pledge the full faith and credit of the City, nor shall any obligation issued by the Corporation (or any entity sponsored by the Corporation) in connection with any project be an obligation, general, special or limited, of the City.

*Section 8.2. Requirement of Approval of City Council.* The Corporation shall have no power to issue any obligations in any form prior to the adoption by the Council of an ordinance directing such issuance and approving the amount and terms of such obligations and the purposes for which the proceeds of such issuances will be used. The foregoing does not preclude the Board of Directors from approving the issuance of obligations by the Corporation prior to the Council's adoption of an ordinance approving the issuance, provided that the obligations may not be issued until the ordinance has been adopted.

*Section 8.3 Limitation on Dissolution, Liquidation, Consolidation, Merger and Asset Sales.* While any portion of any obligation issued by the Corporation is outstanding, the Corporation may not dissolve, liquidate, consolidate, merge or sell the assets of the Corporation pledged to the payment of such obligations.

**ARTICLE IX.  
REQUIRED POLICIES AND PROCEDURES**

*Section 9.1. Disclosure Statements.* The Corporation shall establish policies and procedures for requiring transaction participants to complete disclosure statements that are substantially similar to the economic disclosure statements required of third parties for transactions with the City under the Municipal Code of Chicago, as now enacted or as hereafter amended. Such disclosure statements shall be open for public inspection and review and shall be posted on the Corporation's website.

*Section 9.2. Cooperation with IGO.* The Corporation, including all Directors, officers and employees of the Corporation, shall have a duty to cooperate with the City of Chicago Office of the Inspector General (the "IGO") in any investigation, audit or review undertaken by the IGO with respect to the performance of the Directors and officers and employees of the Corporation; any projects financed or supported by the Corporation; and any programs or operations undertaken by the Corporation; all in order to detect and prevent misconduct, inefficiency and waste within the programs and operations of the Corporation. In the course of an investigation by the IGO, upon the IGO's request, the Corporation's premises, equipment, personnel, books, records and papers shall be made available as soon as practicable to the IGO. Every Corporation financing, contract and grant and every bid, proposal, application or solicitation for a Corporation contract or grant shall contain a statement that every project investor and every contractor, subcontractor, licensee and grantee of the Corporation has a duty to cooperate with the IGO in like manner as the Corporation.



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*Section 9.3. FOIA.* The Corporation shall provide public access to books, records, minutes and documents, in accordance with the Illinois Freedom of Information Act, 5 ILCS 140/1 *et seq.*, as now enacted or as hereafter amended (“FOIA”). The Corporation shall cooperate with the City with respect to compliance with the requirements of FOIA concerning any public documents or records that are in the possession of the Corporation but are nonetheless subject to the City’s obligation to provide public access under FOIA.

*Section 9.4 Debt Transactions Accountability Ordinance.* The Corporation shall comply with, and assist the City in complying with, the Debt Transactions Accountability Ordinance, Chapter 2-165 of the Municipal Code of Chicago.

**ARTICLE X.  
GENERAL PROVISIONS**

*Section 10.1. Nonprofit Organization.* The Corporation shall function as a nonprofit organization, as an instrumentality of the City and as an entity that is eligible to issue municipal obligations “on-behalf-of” the City for federal tax purposes.

*Section 10.2. NFP Act.* The Corporation shall function as a nonprofit organization qualifying under the NFP Act. The Corporation shall have all of the general powers set forth in the provisions of the NFP Act, together with the power to solicit and receive grants, contributions and bequests for any corporate purpose and the power to maintain a fund or funds of real or personal property for any corporate purposes; *provided, however,* that the Corporation shall not have the power to engage in any activities which are not in furtherance of its purposes as set forth in Article I. The Corporation shall have the right to exercise such other powers as now are, or hereafter may be, conferred by law upon a corporation organized for the purposes hereinabove set forth or necessary or incidental to the powers so conferred, or conducive to the furtherance thereof.

*Section 10.3. No Business for Profit.* The Corporation is not organized for profit and shall not be operated for the purpose of carrying on a trade or business for profit.

*Section 10.4. No Private Inurement.* No part of the income of the Corporation shall inure to the benefit of any Director or officer of the Corporation or any private person, except that reasonable compensation may be paid for services rendered on behalf of the Corporation. No Director or officer of the Corporation or any private person shall be entitled to share in any distribution of any of the assets of the Corporation upon its dissolution.

*Section 10.5. No Political Activities.* No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation; nor shall it in any manner or to any extent participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office; nor shall the Corporation engage in any activities that are unlawful under applicable federal, state or local laws.

*Section 10.6. Corporate Obligations.* The Corporation shall:

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- (a) Conduct the business of the Corporation only in its own name;
- (b) Observe all corporate formalities required by the NFP Act, the Ordinance and these Bylaws;
- (c) Pay all Corporation liabilities from the funds of the Corporation;
- (d) Procure invoices and checks bearing the name of the Corporation, and not bearing the name of the City or any other person or entity, and utilize such invoices and checks in the conduct of the business of the Corporation; and
- (e) Hold itself out as a separate entity from the City, and attempt to correct any known misunderstanding regarding its separate identity.

*Section 10.7. Prohibited Activities.* The Corporation shall not:

- (a) Guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others;
- (b) Acquire obligations or securities of the City, its directors or employees; or
- (c) Pledge its assets for the benefit of any other entity or make any loans or advances to any other entity except in furtherance of the purposes described in Section 1.2 hereof.

*Section 10.8. Dissolution.* In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities and obligations of the Corporation, cause the remaining assets of the Corporation to be distributed to the City for a public purpose.

*Section 10.9. Survival.* The provisions of this Article shall be effective at all times, and notwithstanding merger, consolidation, reorganization, termination, dissolution or winding up of the Corporation, voluntarily or involuntarily, or by operation of law or any other provision hereof.

**ARTICLE XI.  
CONTRACTS, CHECKS, DEPOSITS & FUNDS**

*Section 11.1. Signing Authority.* The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

*Section 11.2. Indebtedness.* Notwithstanding anything to the contrary herein, the Corporation shall not incur indebtedness other than: (a) any Bonds issued pursuant to that Master

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Trust Indenture by and between the Corporation and the Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trust Indenture*”) and (b) unsecured trade payables: (i) that are incurred in the ordinary course of business; (ii) related to the Sales Tax Revenues described in the Trust Indenture; (iii) required to be paid within 60 days from the date such trade payables are first incurred; and (iv) not evidenced by a promissory note.

*Section 11.3. Evidences of Indebtedness.* All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner, as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by two Directors.

*Section 11.4. Corporation Accounts.* All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select. The accounts holding the assets of the Corporation shall be maintained separately and apart from those of the City or any other person or entity, and such accounts holding such assets of the Corporation shall not be commingled with the assets of the City or any other entity.

*Section 11.5. Gifts.* The Board of Directors or the president may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation. Gifts to individual Directors and officers of the Corporation shall be subject to the gift restrictions in Chapter 2-156 of the Municipal Code of Chicago and any other gift policies adopted by the Board of Directors.

*Section 11.6. Reimbursement of City Expenses.* The Corporation shall reimburse the City or any other person or entity for any expenses incurred by the City or such person or entity in connection with the activities of the Corporation including, but not limited to, reimbursement for the value of the use of office space by the Corporation and value of the time of City employees of the City or such person or entity provided to the Corporation.

**ARTICLE XII.  
BOOKS AND RECORDS**

*Section 12.1. Books and Records.* The Corporation shall keep correct and complete books and records of account (which shall not be part of the books and records of the City) and shall also keep minutes of the proceedings of its Board of Directors and committees, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. All books and records of the Corporation may be inspected by any Director or his or her agent or attorney for any proper purpose at any reasonable time.

*Section 12.2. Financial Statements.* The Corporation shall prepare and maintain financial statements. Such financial statements shall present the operations and financial position of the

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Corporation and shall not include the financial statements of any other person or entity, including the City.

**ARTICLE XIII.  
FISCAL YEAR**

*Section 13.1. Fiscal Year.* The fiscal year of the Corporation shall end on the last day of December in each year.

**ARTICLE XIV.  
SEAL**

*Section 14.1. No Corporate Seal.* The Corporation shall not have a corporate seal.

**ARTICLE XV.  
AMENDMENTS TO BYLAWS**

*Section 15.1. Amendments.* Subject to the limitations of Section 4.11 hereof, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted by an act of the Board of Directors, except that the provisions of these Bylaws regarding Specified Votes may not be altered, amended or repealed in any way.

**EXHIBIT B**

**Resolution Electing a Secretary-Treasurer and  
Assigning Freedom of Information Act and Open Meetings Act Duties**

**RESOLUTION OF  
THE BOARD OF DIRECTORS OF THE  
SALES TAX SECURITIZATION CORPORATION**

**Electing a Secretary-Treasurer and  
Designating a FOIA Officer**

**November 2, 2017**

**WHEREAS**, Section 5 of the Bylaws of the Sales Tax Securitization Corporation (the “Corporation”) authorizes the Board of Directors of the Corporation to elect the Secretary-Treasurer at any duly called meeting of the Board of Directors and to assign to the Secretary-Treasurer any duties deemed appropriate;

**NOW, THEREFORE, BE IT RESOLVED** by the Corporation as follows:

Sec. 1. Kelly Flannery, so long as she is an employee of the Department of Finance of the City of Chicago, is hereby elected to the office of Secretary-Treasurer, to serve for a term of one year or until her successor is duly qualified and elected, or until her earlier death, removal, or resignation.

Sec. 2. The Secretary-Treasurer shall serve as the Freedom of Information Act Officer and be responsible for performing the duties for which Freedom of Information Act Officers are responsible under the Illinois Freedom of Information Act. The Secretary-Treasurer also shall be responsible for ensuring that the Corporation complies with its obligations under the Bylaws to provide public notice of its meetings and to conduct its meetings in accordance with the Illinois Open Meetings Act.

Sec. 3. This Resolution shall take effect upon the execution of the Services Agreement between the City of Chicago and the Corporation.

**EXHIBIT C**

**Resolution Approving the City Services Agreement  
and Other Services Agreements**

**RESOLUTION OF  
THE BOARD OF DIRECTORS OF THE  
SALES TAX SECURITIZATION CORPORATION**

**Approving Services Agreements**

**November 2, 2017**

**WHEREAS**, the City Council of the City of Chicago (the “City”), by ordinance passed on October 11, 2017, authorized the establishment of the Sales Tax Securitization Corporation (the “Corporation”); and

**WHEREAS**, the City and the Corporation both desire to enter into a services agreement pursuant to which the City will provide administrative and staff support services to the Corporation and will advance certain moneys to the Corporation (the “City Services Agreement”); and

**WHEREAS**, the Corporation desires to engage other service providers to assist the Corporation in carrying out its purposes;

**NOW, THEREFORE, BE IT RESOLVED** by the Corporation as follows:

Sec. 1. The officers of the Corporation are authorized to execute and deliver the City Services Agreement, in substantially the form attached hereto as Exhibit A, with such changes and modifications as the officers shall determine to be appropriate and consistent with the intent of this Resolution and the objectives of the Corporation.

Sec. 2. The Corporation shall transact banking at such banks as the officers of the Corporation may from time to time determine. The officers are hereby authorized to execute and deliver to the designated banks their customary form of corporate banking resolutions and to attach copies of such resolutions to this resolution or place the same in the Corporate record book, and such resolutions shall be adopted in the same manner and with the same effect as if set out in full herein.

Sec. 3. The officers of the Corporation are authorized to retain Mayer Brown LLP as legal counsel and to enter into an engagement letter or other contract for legal services on behalf of the Corporation.

Sec. 4. The officers of the Corporation are authorized to retain Deloitte & Touche LLP as auditor and to enter into an engagement letter or other contract for auditing services on behalf of the Corporation.

Sec. 5. The officers of the Corporation are authorized to purchase directors and officers liability insurance in the amount they deem necessary and to enter into a contract for such insurance with an insurance company to be selected by the officers.



Sec. 6. The officers of the Corporation are authorized to retain Martin J. Luby LLC as an independent registered municipal advisor and to enter into an engagement letter or other contract with such advisor on behalf of the Corporation.

Sec. 7. The designation of CT Corporation System as the Registered Agent of the Corporation, and of its office (208 South LaSalle Street, Suite 814, Chicago, Illinois 60604) as the Registered Office of the Corporation, is approved. The officers are authorized to enter into an engagement letter or other contract for services with CT Corporation System on behalf of the Corporation.

Sec. 8. The officers of the Corporation are authorized to enter into other contracts as they deem necessary related to the organization and operation of the Corporation, including for office space, website hosting, and other services.

**EXHIBIT A**  
**SERVICES AGREEMENT**

**SERVICES AGREEMENT  
BETWEEN  
CITY OF CHICAGO  
AND  
SALES TAX SECURITIZATION CORPORATION**

This Services Agreement, made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2017 (the “*Agreement*”) by and between the City of Chicago (the “*City*”) and Sales Tax Securitization Corporation (the “*Corporation*”), an Illinois not-for-profit corporation.

**RECITALS:**

WHEREAS, the City is a home rule municipality under Section 6 of Article VII of the Illinois Constitution of 1970, and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Corporation is a special purpose not-for-profit corporation incorporated under the provisions of the General Not For Profit Corporation Act of 1986 of the State of Illinois for the limited purpose of issuing, for the benefit of the City, bonds, notes, certificates, contract rights and other obligations (collectively, the “*Corporation Obligations*”), in order to (i) provide funding for any lawful purpose of the City, including, but not limited to, funding for working capital, capital and infrastructure requirements of the City, including, without limitation, public right of way improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacement, and curb and gutter repairs and replacement; industrial street construction and improvements, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; transportation improvements to City property and facilities including street resurfacing, bridge and freight tunnel rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; the acquisition and/or construction of other capital items useful or necessary for City purposes; the duly authorized acquisition of improved and unimproved real property within the City for municipal, industrial, commercial or residential purposes, or any combination thereof, and the improvement, demolition and/or remediation of any such property; and constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers, water and sewer facilities and other municipal facilities, (ii) refund any outstanding bonds, notes, lines of credit, and any other obligations of the City, (iii) refund outstanding Corporation Obligations on such terms as shall be determined from time to time by the City and the Corporation, (iv) fund capitalized interest, and (v) pay all costs related thereto (collectively, the “*Corporation Purposes*”); and

WHEREAS, Public Act 100-0023, effective July 6, 2017, adding Division 13 to Article 8 of the Illinois Municipal Code (the “*Authorizing Act*”), authorizes any home rule municipality to

enter into agreements to assign, sell transfer or otherwise convey its interest in all or any part of any revenues or taxes that it receives from a State Entity (as defined in the Authorizing Act); and

WHEREAS, pursuant to the Authorizing Act and an ordinance adopted by the City Council of the City on October 11, 2017 (the “*Authorizing Ordinance*”), the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee, anticipate executing and delivering an Assignment, Purchase and Sale Agreement (the “*Sale Agreement*”), pursuant to which the City will sell to the Corporation and the Corporation will purchase from the City certain Sales Tax Revenues (as defined in the Sale Agreement); and

WHEREAS, the Corporation anticipates financing the purchase of the Sales Tax Revenues by issuing and selling one or more series of its Sales Tax Securitization Bonds (collectively, the “*Bonds*”), pursuant to the terms of the Master Trust Indenture by and between the Corporation and the Trustee (as supplemented and amended from time to time, the “*Indenture*”); and

WHEREAS, the Authorizing Ordinance authorizes (i) the Chief Financial Officer of the City (the “*Chief Financial Officer*”), the Department of Finance of the City and the Office of Budget and Management of the City to provide such staff support to the Corporation as may be required to assist the Corporation in accomplishing its purposes and mission, (ii) the Chief Financial Officer, the Budget Director of the City (the “*Budget Director*”) and the Comptroller of the City (the “*City Comptroller*”) to transfer, from legally available funds of the City, an amount not to exceed an aggregate annual amount of \$250,000 (the “*Funding Cap*”) to the Corporation for professional services and otherwise to assist the Corporation in accomplishing its purposes and (iii) the Chief Financial Officer, the Budget Director, the City Comptroller and the Corporation Counsel of the City to negotiate agreements with the Corporation that set forth the terms and conditions pursuant to which the staff support and/or funding so authorized by the Authorizing Ordinance would be provided to the Corporation; and

WHEREAS, the City and the Corporation each desire to enter into such an agreement and under the terms and conditions of this Agreement, the City agrees to transfer certain of such funds and make such services and staff support available to the Corporation; and

WHEREAS, the City and the Corporation have among their powers the authority to contract with each other to perform the undertakings described herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

*Section 1. Incorporation of Recitals.* The recitals set forth above are hereby incorporated herein by reference and made a part hereof.

*Section 2. Transfer of Funds; Services; Compensation.*

2.1. *Transfer of Funds.* The City hereby agrees to transfer to the Corporation from time to time, from legally available funds of the City, subject to the approval of the Chief Financial

Officer and subject to the annual Funding Cap, amounts requested in writing by the Corporation for professional services and otherwise to assist the Corporation in accomplishing its purposes.

2.2. *Services.* Subject to the provisions in this Agreement, the City has made available and shall make available to the Corporation the assistance of certain City personnel and Subcontractors and the use of City office space and equipment, the nature, control and quantity of such assistance and use (collectively, the “*Services*”) remaining in the sole discretion of the Chief Financial Officer at all times. The Services that the City currently anticipates will be provided to the Corporation are described in Exhibit 1, Scope of Services, which description is intended to be general in nature and is neither a complete description of the City’s anticipated Services nor a limitation on the Services that the City may provide under this Agreement.

2.3. *Compensation.* The Corporation will pay the City, from funds available for the payment of Corporation expenses under the Indenture, according to the Schedule of Compensation in the attached Exhibit 2 for the completion of the Services in accordance with this Agreement. The City will use its reasonable best efforts to submit to the Corporation within 30 days after the end of each six-month period ending June 30 or December 31 an invoice for such six-month period for labor and other direct costs as billed, as outlined in the Schedule of Compensation in Exhibit 2. The Corporation will process payment of all invoices within 60 days after receipt and all supporting documentation reasonably requested by the Corporation and necessary for the Corporation to verify the Services provided under this Agreement.

### *Section 3. Corporation Covenants and Representations.*

3.1. The Corporation shall use the Services solely for purposes of fulfilling the Corporation Purposes.

3.2. The Corporation shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, including Section 2-32-130, Section 2-56-050 and Chapter 2-165 of the Municipal Code of Chicago (the “*Chicago Municipal Code*”), pertaining to or affecting the Corporation. Upon the City’s request, the Corporation shall provide evidence satisfactory to the City of such compliance.

3.3. The Corporation shall at all times perform its work in fulfilling the Corporation Purposes with the utmost care, skill and diligence in accordance with the applicable standards currently recognized in the community.

3.4. The Corporation shall maintain and keep in force, at its sole cost and expense, at all times during its existence, insurance in such amounts and of such type, if any, as shall be determined by the City in its reasonable discretion.

3.5. The Corporation shall comply with all policies and Chicago Municipal Code provisions enacted by the City relating to Illinois not-for-profit corporations, federal tax-exempt entities and the issuance of obligations such as the Bonds, as such policies and provisions may be enacted, modified, amended or supplemented from time to time.

3.6. The Corporation represents that it has full power and authority to enter into and perform its obligations under this Agreement, and the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite corporate action.

3.7. The Corporation represents and warrants that neither the Corporation nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce, the United States Department of State or their successors, or on any other list of persons or entities with which the Corporation may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List. For purposes of this representation and warranty, "Affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

#### *Section 4. Term; Extensions.*

4.1. This Agreement takes effect as of the date hereof and shall terminate on June 30, 2019; *provided, however*, at the sole discretion of the Chief Financial Officer, this Agreement may be extended for one or more one-year periods.

4.2. Notwithstanding anything to the contrary, the Services being provided under this Agreement are subject to the appropriation and availability of City funds. In the event that no funds or insufficient funds relating to the Services are appropriated and budgeted in any fiscal period of the City which governs the Services to be made under this Agreement, the City shall notify the Corporation of such occurrence and this Agreement shall terminate on the earliest of the last day of the fiscal period for which sufficient appropriation was made or whenever the funds appropriated in relation to the Services being provided under this Agreement are exhausted.

#### *Section 5. Audit, Inspection and Retention of Records; Inspector General*

5.1. The Corporation shall maintain separate, complete, accurate and detailed books and records necessary to monitor its use of the Services. Upon the written request of the City, the Corporation shall provide an authorized representative of the City with access to, or shall provide the City with copies of, all such books, records and other related documents.

5.2. Rights of inspection and review provided in this Section 5 shall continue for five years from the date hereof or until final settlement and conclusion of all issues arising out of the acceptance of the Services.

5.3. The Corporation understands and agrees that it is required to and will comply with the provisions of Chapter 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of the Corporation to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. The Corporation agrees and covenants that no payment, gratuity or offer of employment shall be made in connection with this Agreement, by or on behalf of a subcontractor to the Corporation or any higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order related to this Agreement.

*Section 6. Indemnification.* The Corporation agrees to indemnify, defend and hold the City, its officials, agents and employees harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, attorneys' and accountants' fees and court costs) suffered or incurred by any such party arising from or in connection with this Agreement. This indemnification shall survive the termination or expiration of this Agreement.

*Section 7. Default and Remedies.*

7.1. In the event the Corporation fails to perform, keep or observe any of its covenants, conditions, promises, agreements or obligations under this Agreement, and the same is not cured as described in Section 7.2 hereof, the City may terminate this Agreement.

7.2. Prior to termination, the City shall give notice of intent to terminate 90 days prior to termination at the address specified in Section 8 hereof, and shall state the nature of the default. In the event the Corporation does not cure such default within the 90-day notice period, such termination shall become effective at the end of such period; provided, however, with respect to those defaults which are not capable of being cured within such 90-day period, the Corporation shall not be deemed to have committed such default if it has commenced to cure the alleged default within such 90-day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

7.3. The City may, in any court of competent jurisdiction, by any proceeding at law or in equity, secure the specific performance of the agreements contained herein or may be awarded damages for failure of performance, or both.

*Section 8. Notices.* Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier or (c) registered or certified first class mail, return receipt requested.

IF TO THE CITY: City of Chicago  
Department of Finance  
121 North LaSalle Street, 7th Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

WITH COPIES TO: City of Chicago  
Department of Law  
Finance and Economic Development Division  
121 North LaSalle Street, Room 600  
Chicago, Illinois 60602

IF TO THE CORPORATION: Sales Tax Securitization Corporation  
55 E. Monroe Street, Suite 3800  
Chicago, Illinois 60603  
Attention: Secretary-Treasurer

WITH COPIES TO: Mayer Brown LLP  
71 S. Wacker Drive  
Chicago, Illinois 60606  
Attention: David Narefsky

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) above shall be deemed received upon such personal service or dispatch. Any notice, demand or request sent pursuant to clause (b) above shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to clause (c) above shall be deemed received two business days following deposit in the mail.

*Section 10. Amendment; Deemed Inclusion.* This Agreement may not be amended without the prior written consent of the Chief Financial Officer on behalf of the City and the Corporation. Notwithstanding the foregoing, provisions required by law, ordinances, rules, regulations, or executive orders to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; provided, however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement.

*Section 11. Entire Agreement.* This Agreement constitutes the entire agreement between the City and the Corporation and supersedes all prior agreements, negotiation and discussion between them.



*Section 12. Waiver.* Waiver by the City with respect to breach of this Agreement shall not be considered or treated as a waiver of the rights of the City with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City in writing.

*Section 13. Disclaimer.* Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

*Section 14. Headings.* The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

*Section 15. Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

*Section 16. Severability.* If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

*Section 17. Governing Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois.

*Section 18. Non-Liability of Officials.* No official, employee or agent of the City shall be charged personally by the Corporation or by an assignee or subcontractor, with any liability or expenses of defense or be held personally liable under any term or provision of this Agreement because of their execution or attempted execution or because of any breach hereof.

*Section 19. Assignment.* This Agreement, or any portion thereof, shall not be assigned by the Corporation without the prior written consent of the City.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers on or as of the day and year first written above.

CITY OF CHICAGO

By: \_\_\_\_\_

Name: Carole L. Brown

Title: Chief Financial Officer

SALES TAX SECURITIZATION CORPORATION, an  
Illinois not-for-profit corporation

By: \_\_\_\_\_

Name: Carole L. Brown

Title: President

## **EXHIBIT 1**

### **SCOPE OF SERVICES**

It is anticipated that the City may provide some of the Services using subcontractors; other Services would be provided by City staff.

#### **SERVICES:**

- General Corporation administration and coordination
- Management and coordination of City legislative process including ordinance introductions and management of appointment of members to the Board of Directors, if applicable
- Transaction structuring assistance
- Transaction level reporting including filing with City Clerk
- Quarterly reporting to Committee on Finance and annual financial report to City Council
- Investor outreach
- Website/marketing
- Compliance assistance including filings with the Internal Revenue Service, filings on the Electronic Municipal Market Access (EMMA) system and arbitrage rebate calculations
- Management of outside contracts, including contracts or engagement letters with Independent Registered Municipal Advisor (IRMA), law firms, auditors, consulting firms, accounting firms and/or other providers or goods or services to the extent that Corporation engages services providers directly
- City monitoring and compliance services including review of Economic Disclosure Statement and Affidavits or comparable documents

**EXHIBIT 2**  
**SCHEDULE OF COMPENSATION**

In accordance with Section 2 of this Agreement, the Corporation will pay the City for the performance of the Services as set forth in Sections 1 through 3 following.

1. LABOR COSTS

1.1. *Calculating Labor Costs.* The City will receive on the basis of invoices sent twice each calendar year its labor costs (“*Labor Costs*”). “*Labor Costs*” means a dollar amount equal to the product of (x) and (y), where:

(x) is the product of *the actual hourly direct labor rate* (“*Actual Hourly Direct Labor Rate*”) paid to each individual who performs Services for the City (but not including individuals working for City’s subcontractors) and *the number of hours* (including fractions thereof) per such individual reasonably expended by the City (but not the City’s subcontractors) in the performance of the Services, and

(y) is the direct labor rate multiplier (“*Multiplier*”) set forth in Section 2 below.

1.2. *Salaried Personnel.* The Actual Hourly Direct Labor Rate for salaried personnel is calculated by dividing the annual salary of the individual by 2,080.

1.3. *Treatment of Overtime.* To the extent that the City pays its employees overtime in the form of a premium in excess of the City’s Actual Direct Labor Rates for overtime spent on the Services, the cost of the premium will be treated as a Reimbursable Expense under Section 3 below. Accordingly, the premium must not be included as a Labor Cost and is not subject to application of a Multiplier. Any such overtime must be in accordance with the City’s policies.

1.4. *Adjustments to Maximum Permissible Rate Schedule; Addition of Position Titles.* The City, in its sole discretion, shall determine which City personnel shall provide the Services. Addition or deletion of Job Position Descriptions to the SCHEDULE OF MAXIMUM PERMISSIBLE RATES may be made in the sole discretion of the City. The Actual Hourly Direct Labor Rates for all personnel shall conform with the SCHEDULE OF MAXIMUM PERMISSIBLE RATES included in Attachment A to *Exhibit 2*, as such Schedule may be amended by the City in its sole discretion. The City shall use its reasonable best efforts to notify the Corporation of any changes in the Schedule, but failure to provide such notification shall not affect the City’s right to be reimbursed for any Labor Costs.

2. **DIRECT LABOR RATE MULTIPLIER.** The multiplier is intended to compensate City for its overhead and burden, which consists of payroll-related taxes, insurance and fringe benefits. The multiplier shall be the rate determined by the City for the year in which City's Labor Costs were incurred.

3. **REIMBURSABLE EXPENSES.**

3.1. In addition to the City's Labor Costs, the Corporation will reimburse the City for certain expenses incurred in the performance of the Services.

3.2. Allowable Reimbursable Expenses consist of and are limited to expenses not provided for elsewhere that the City has paid for or incurred in connection with the Services and are subject to the limitations set forth below. Reimbursable Expenses include the following:

(a) *Drawings, Printing and Reproduction Costs.* The costs of all printing, binding, and reproduction related only to the production of the City's submittals to the Corporation.

(b) *Long Distance Telephone, Facsimile and Shipping Costs.* Long distance telephone calls, fax transmissions, postage, messenger, and overnight delivery costs.

(c) *Travel and Related Expenses.* Whenever out of town travel is necessary in the performance of Services, such expenses will conform to City's travel reimbursement guidelines. Expenses incurred for travel to and in Chicago will be subject to Group I Limitations as set forth in the City's guidelines.

(d) *Equipment, Tools, and Vehicles.* Any equipment, tools, furniture, computers or equipment, or vehicles hired/leased or purchased for the performance of the Services shall immediately become the property of the City.

(e) *Temporary Help.* The cost of temporary help performing productive labor in furtherance of the Services. Compensation will be limited to the City out-of-pocket cost for such temporary help and will not include any mark-up or surcharge. In no event will the Corporation be liable for any charge for temporary help to the extent that it exceeds the amount that would have been payable by the Corporation under this Agreement if the City or a subcontractor's own employees had performed the Services.

(f) *Miscellaneous.* Any other costs or expenses the City incur as reasonable and necessary for the proper performance of the Services and allowable and directly allocable to the Project.

(g) *Subcontractors.* The Corporation will reimburse the City for the costs of subcontractors as those costs are incurred under or in connection with

subcontracts awarded by the City in accordance with the terms and conditions of this Agreement.

The costs of subcontractors that are reimbursable to the City may include actual direct labor rates and such other customary and reasonable costs and charges as the City may authorize. In no event will the City be entitled to any mark-up of subcontractor costs.

**ATTACHMENT A**

**SCHEDULE OF MAXIMUM PERMISSIBLE RATES**

<u>Job Position Title</u>	<u>Maximum Actual Hourly Direct Labor Rate</u>
Chief Financial Officer	\$ 81.73
City Comptroller	\$ 79.33
Managing Deputy Comptroller	\$ 64.58
Deputy Budget Director	\$ 59.65
Deputy Comptroller	\$ 57.90
Deputy Comptroller	\$ 56.74
Assistant Budget Director	\$ 48.39
Assistant Commissioner	\$ 46.04

**EXHIBIT D**

**Resolution to Authorize the Sales Tax Securitization Bonds**



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**SALES TAX SECURITIZATION CORPORATION**

\_\_\_\_\_

**Sales Tax Securitization Bonds**

\_\_\_\_\_

**Authorizing Resolution**

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**Adopted November \_\_, 2017**

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## SALES TAX SECURITIZATION BONDS

### **A Resolution Authorizing the Delegation of Authority to any Authorized Officer of the Corporation and the Approval of Various Documents in connection with the Corporation's Sales Tax Securitization Bonds**

**WHEREAS**, Public Act 100-0023, effective July 6, 2017, adding Division 13 to Article 8 of the Illinois Municipal Code, 65 ILCS 5/8-13-5 *et seq.* (the "Act"), authorizes any home rule municipality to enter into agreements to assign, sell, transfer or otherwise convey its interest in all or any part of any revenues or taxes that it receives from a State Entity (as defined in the Act); and

**WHEREAS**, the Sales Tax Securitization Corporation (the "Corporation") is organized in accordance with an ordinance adopted by the City Council of the City of Chicago (the "City") on October 11, 2017 (the "Authorizing Ordinance"); and

**WHEREAS**, the Act authorizes the City to sell to the Corporation and the Corporation desires to purchase from the City certain Sales Tax Revenues (as defined herein); and

**WHEREAS**, the Corporation has been established as a not for profit corporation and instrumentality of the City in order to issue obligations pursuant to the grant of power from the City contained in the Authorizing Ordinance, the proceeds of which will be used to (i) provide funding for any lawful purpose of the City, including but not limited to, funding for capital and infrastructure requirements of the City, refunding any outstanding obligations of the City and to refund outstanding obligations of the Corporation, and (ii) make payments to the City in consideration for the City's assignment of the Sales Tax Revenues; and

**WHEREAS**, in order to provide financing for the foregoing and for certain other related purposes, the Corporation intends to issue obligations (the "Bonds") pursuant to the Master Trust Indenture to be dated as of December 1, 2017, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee") (substantially in the form attached hereto as Exhibit A, as the same is amended and supplemented from time to time in accordance with the provisions thereof, the "Master Indenture"), in various principal amounts and at various times; and

**WHEREAS**, any Bonds issued pursuant to the Master Indenture will be payable from and secured by the Trust Estate with the priority set forth in the Master Indenture, including all Sales Tax Revenues assigned to the Corporation pursuant to an Assignment, Purchase and Sale Agreement, to be dated as of December 1, 2017, by and among the City, the Corporation and the Trustee (substantially in the form attached hereto as Exhibit D, the "Sale Agreement"), under which the City has agreed to assign the Sales Tax Revenues to the Corporation for application in accordance with the terms of the Master Indenture; and

**WHEREAS**, the Authorizing Ordinance provides that the Corporation shall not issue obligations for the purposes described above unless the issuance of such obligations has been requested by the City and approved by the adoption of an ordinance of the City Council approving such financing; and

**WHEREAS**, by adoption of the Authorizing Ordinance, the City has approved the issuance of the obligations authorized to be issued by the Corporation pursuant to this Authorizing Resolution.

**BE IT RESOLVED by the Corporation, as follows:**

## **ARTICLE I.**

### **DEFINITIONS AND STATUTORY AUTHORITY**

**SECTION 1.01. Definitions.** (a) Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the form of the Master Indenture presented at this meeting. In addition, the following terms shall have the following respective meanings:

**“Authorized Officer”** means in the case of the Corporation, the Chair, the President, and the Secretary-Treasurer, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Corporation to perform such act or execute such document.

**“First Supplemental Indenture”** means the First Supplemental Trust Indenture, to be dated as of December 1, 2017, by and between the Corporation and the Trustee, authorizing the issuance of the Series 2017A Bonds and the Series 2017B Bonds.

**“Authorizing Resolution”** means this Sales Tax Securitization Bonds Authorizing Resolution relating to the issuance of the Corporation’s Sales Tax Securitization Bonds, including the Series 2017 Bonds.

**“Series 2017 Bonds”** means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

**“Series 2017A Bonds”** means the Series 2017A Bonds to be issued pursuant to the First Supplemental Indenture authorized pursuant to Section 2.01 of this Authorizing Resolution.

**“Series 2017B Bonds”** means the Taxable Series 2017B Bonds to be issued pursuant to the First Supplemental Indenture authorized pursuant to Section 2.01 of this Authorizing Resolution.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Authorizing Resolution, refer to the Authorizing Resolution.

## ARTICLE II.

### DELEGATION OF AUTHORITY AND APPROVAL OF SERIES 2017 BONDS

**SECTION 2.01. Delegation of Authority.** There is hereby delegated to the Authorized Officers of the Corporation, subject to the limitations contained herein and in the Master Indenture, the Authorizing Ordinance and the Corporation's by-laws, the power with respect to the Series 2017 Bonds to determine and carry out the following:

(a) The sale of the Series 2017 Bonds at public or private sale at such price or prices as shall be determined by an Authorized Officer of the Corporation;

(b) The principal amount of Series 2017 Bonds to be issued; *provided, however*, that the aggregate principal amount of Bonds, including the Series 2017 Bonds and any additional Bonds issued pursuant to Section 3.01 of this Authorizing Resolution, shall not exceed \$3,000,000,000;

(c) The date or dates, maturity date or dates and principal amount of each maturity of the Series 2017 Bonds, the amount and date of each Sinking Fund Installment, if any, and which Series 2017 Bonds are Serial Bonds or Term Bonds, if any; *provided, however*, that no Series 2017 Bonds shall mature later than January 1 immediately succeeding the fortieth anniversary of the date on which such Series 2017 Bonds were initially issued;

(d) The interest rate or rates of the Series 2017 Bonds, *provided however*, that such interest rate or rates shall not exceed ten percent (10%) per annum, the date from which interest on the Series 2017 Bonds shall accrue and the first interest payment date therefor;

(e) The denomination or denominations of and the manner of numbering and lettering the Series 2017 Bonds;

(f) The Series 2017 Bonds that are Capital Appreciation Bonds or Deferred Income Bonds, if any;

(g) The Series 2017 Bonds which are Book Entry Bonds, if any, and the Depository therefor;

(h) The Credit Facility or Credit Facilities, if any, in connection with the Series 2017 Bonds;

(i) The Trustee and any other Paying Agent or Paying Agents and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Series 2017 Bonds;

(j) The Redemption Price or Redemption Prices, if any, and the redemption terms, if any, for the Series 2017 Bonds;

(k) Provisions for the sale or exchange of the Series 2017 Bonds and for the delivery thereof at public or private sale; *provided, however*, that the purchase price shall not be less than eighty-five percent (85%) of the principal amount of the Series 2017 Bonds sold;

(l) The forms of the Series 2017 Bonds and the forms of the Trustee's certificate of authentication thereon;

(m) Provisions with respect to funds and accounts and subaccounts therein, if applicable, and the revenues and application thereof;

(n) The Series 2017 Bonds which are tax exempt Series 2017 Bonds and which are not tax exempt Series 2017 Bonds;

(o) Directions for the application of the proceeds of the Series 2017 Bonds;  
and

(p) Any other provisions deemed advisable by an Authorized Officer of the Corporation, not in conflict with the provisions hereof or of the Master Indenture.

**SECTION 2.02. Approval of Master Indenture.** The form of the Master Indenture by and between the Corporation and the Trustee, attached hereto as Exhibit A, is hereby approved. Any Authorized Officer of the Corporation is hereby authorized to execute the Master Indenture in the name and on behalf of the Corporation substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive proof of such approval.

(a) **Approval of First Supplemental Trust Indenture.** The form of the First Supplemental Trust Indenture related to the Series 2017 Bonds by and between the Corporation and the Trustee, attached hereto as Exhibit B, is hereby approved. Any Authorized Officer of the Corporation is hereby authorized to execute the First Supplemental Trust Indenture related to the Series 2017 Bonds in the name and on behalf of the Corporation substantially in such form, with such changes, insertions and omissions as may be approved in each document by said Authorized Officer, said execution being conclusive proof of the approval of each such document.

**SECTION 2.03. Approval of Bond Purchase Agreement.** The form of the Bond Purchase Agreement relating to the sale of the Series 2017 Bonds, by and between the Corporation and Jefferies LLC, as representative of the underwriters named therein (the "Underwriters"), attached hereto as Exhibit C, is hereby approved. Any Authorized Officer of the Corporation is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive proof of such approval.

**SECTION 2.04. Approval of Sale Agreement.** The form of the Sale Agreement, attached hereto as Exhibit D, is hereby approved. Any Authorized Officer of the Corporation is hereby authorized to execute the Sale Agreement in the name and on behalf of the Corporation

substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive proof of such approval.

**SECTION 2.05. Authorization and Ratification of the Preliminary Offering Circular.** The form of the Preliminary Offering Circular relating to the offering of the Series 2017 Bonds, attached hereto as Exhibit E (the “Preliminary Offering Circular”), is hereby approved. The use and distribution of the Preliminary Offering Circular by the Underwriters is hereby approved.

The Corporation authorizes any of said officers to deliver a certification to the effect that such Preliminary Offering Circular, if deemed necessary or appropriate, together with such other documents, if any, described in such certificate, was deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission as applicable.

**SECTION 2.06. Approval of the Offering Circular.** Any Authorized Officer of the Corporation is hereby authorized to execute, deliver and distribute, in the name and on behalf of the Corporation, a final Offering Circular substantially in the form of the Offering Circular presented at this meeting, with such changes, insertions and omissions as said Authorized Officer deems advisable, and to distribute or cause the distribution of said Offering Circular in connection with the offering and sale of the Series 2017 Bonds.

**SECTION 2.07. Continuing Disclosure Undertaking.** Any Authorized Officer of the Corporation is hereby authorized to execute in the name and on behalf of the Corporation the Continuing Disclosure Undertaking by the Corporation, in substantially the form described in the Preliminary Offering Circular authorized above, with such changes, insertions and omissions as may be approved in each document by said Authorized Officer, said execution being conclusive proof of the approval of each such document.

**SECTION 2.08. Approval and Ratification of Prior Actions.** The Corporation hereby ratifies, affirms and adopts all previous actions (including, but not limited to, all minutes, prior resolutions, formation documents and contracts, and including, but not limited to, selection of the Underwriters, lawyers, financial advisors and other advisors for the Series 2017 Bonds and execution of any documents and contracts in connection therewith) taken or entered into in the name of or otherwise with respect to the Corporation by any Authorized Officer of the Corporation as the actions of the Corporation.

**SECTION 2.09. Execution of Documents.** Any Authorized Officer of the Corporation is hereby authorized to execute and deliver, in the name and on behalf of the Corporation, any and all documents and instruments, and to do and cause to be done any and all acts and things, said Authorized Officer deems necessary or advisable in connection with the offering, sale and issuance of the Series 2017 Bonds and to carry out the transactions contemplated by this Authorizing Resolution.

### ARTICLE III.

#### APPROVAL OF FINANCING PROGRAM AND DELEGATION OF AUTHORITY

**SECTION 3.01. Authorized Aggregate Principal Amount.** There are hereby authorized to be issued one or more Series of Bonds, including the Series 2017 Bonds (which may be issued at one time or from time to time in any number of Series or subseries), which are entitled to the benefit, protection and security of the Master Indenture in an aggregate principal amount not to exceed the principal amount of the Bonds permitted by Section 2.01 of this Authorizing Resolution. Such Bonds shall be issued for the legally authorized purposes as set forth in the Act and the Master Indenture.

**SECTION 3.02. Delegation of Authority.** (a) There is hereby delegated to the Authorized Officers of the Corporation, subject to the limitations contained herein and in the Master Indenture, the Authorizing Ordinance and the Corporation's by-laws, the power with respect to the Bonds (other than the Series 2017 Bonds) to determine and carry out the following:

(1) The sale of the Bonds at public or private sale at such price or prices as shall be determined by an Authorized Officer of the Corporation;

(2) The principal amount of Bonds to be issued; *provided, however*, that the aggregate principal amount of all Bonds issued pursuant to this authorization (and the aggregate of all such Series and subseries) shall not exceed the limitations set forth in Section 2.01;

(3) The date or dates, maturity date or dates and principal amount of each maturity of the Bonds, the amount and date of each Sinking Fund Installment, if any, and which Bonds are Serial Bonds or Term Bonds, if any; *provided, however*, that no Bonds shall mature later than January 1 immediately succeeding the fortieth anniversary of the date on which such Bonds were initially issued;

(4) The interest rate or rates of the Bonds, *provided however*, that such interest rate or rates shall not exceed ten percent (10%) per annum, the date from which interest on the Bonds shall accrue and the first interest payment date therefor;

(5) The denomination or denominations of and the manner of numbering and lettering the Bonds;

(6) The Bonds that are Capital Appreciation Bonds or Deferred Income Bonds, if any;

(7) The Bonds which are Book Entry Bonds, if any, and the Depository therefor;

(8) The Credit Facility or Credit Facilities, if any, in connection with the Bonds;



(9) The Trustee and any other Paying Agent or Paying Agents and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds;

(10) The Redemption Price or Redemption Prices, if any, and, subject to the Master Indenture, the redemption terms, if any, for the Bonds;

(11) Provisions for the sale or exchange of the Bonds and for the delivery thereof at public or private sale; *provided, however*, that the purchase price shall not be less than eighty-five percent (85%) of the principal amount of the Bonds sold;

(12) The forms of the Bonds and the forms of the Trustee's certificate of authentication thereon;

(13) Provisions with respect to funds and accounts and subaccounts therein, if applicable, and the revenues and application thereof;

(14) The Bonds which are tax exempt Bonds and which are not tax exempt Bonds;

(15) Directions for the application of the proceeds of the Bonds; and

(16) Any other provisions deemed advisable by an Authorized Officer of the Corporation, not in conflict with the provisions hereof or of the Authorizing Ordinance or the Corporation's By-Laws.

(b) Any Authorized Officer shall execute one or more Supplemental Trust Indentures evidencing the determinations made pursuant to this Authorizing Resolution and any such Supplemental Trust Indenture shall be conclusive evidence of the determinations of such Authorized Officer, as stated therein. More than one Supplemental Trust Indenture may be delivered to the extent more than one Series or subseries of Bonds are delivered from time to time, or other authority is exercised under this Authorizing Resolution from time to time and each such Supplemental Trust Indenture shall be delivered to the Trustee prior to the authentication and delivery of the respective Series or subseries of Bonds by the Trustee or other documentation. Determinations set forth in the related Supplemental Trust Indenture shall have the same effect as if set forth in this Authorizing Resolution. Any such Authorized Officer may exercise any authority delegated under this Authorizing Resolution from time to time following issuance of any Bonds, as appropriate for any purposes, including, in order to obtain a substitute or additional Credit Facility, enter into a bank direct purchase agreement or similar instrument, or to appoint new or additional agents or other parties deemed appropriate to a particular form of Bond or manner of sale.

**SECTION 3.03. Approval of Bond Purchase Agreement.** Any Authorized Officer of the Corporation is hereby authorized to execute one or more Bond Purchase Agreements relating to the Bonds in the name and on behalf of the Corporation substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive proof of such approval.

**SECTION 3.04. Continuing Disclosure Undertaking.** Any Authorized Officer of the Corporation is hereby authorized to execute in the name and on behalf of the Corporation the Continuing Disclosure Undertaking by the Corporation, in such form and upon such terms and conditions as may be approved by said Authorized Officer, said execution being conclusive proof of such approval.

**SECTION 3.05. Approval of the Preliminary Offering Circular.** Any Authorized Officer of the Corporation is hereby authorized to make public and to authorize the use and distribution by the purchasers or other appropriate parties of a preliminary official statement, offering circular, or other disclosure document (the “Preliminary Offering Circular”) in connection with each public offering or any direct or private placement of the Bonds. The Corporation authorizes any Authorized Officer to deliver a certification to the effect that such Preliminary Offering Circular or Offering Circular, if deemed necessary or appropriate, together with such other documents, if any, described in such certificate, was deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission as applicable.

**SECTION 3.06. Approval of the Offering Circular.** Any Authorized Officer of the Corporation is hereby authorized to execute, deliver and distribute, in the name and on behalf of the Corporation, a final Offering Circular in substantially in the form of each Preliminary Offering Circular or the most recently executed and delivered Offering Circular if there is no Preliminary Offering Circular, and to deliver such Offering Circular to the purchasers of such issue of Bonds, such execution being conclusive evidence of such approval.

**SECTION 3.07. Execution of Documents.** Any Authorized Officer of the Corporation is hereby authorized to execute and deliver, in the name and on behalf of the Corporation, any and all documents and instruments, and to do and cause to be done any and all acts and things, said Authorized Officer deems necessary or advisable in connection with the offering, sale and issuance of the Bonds and to carry out the transactions contemplated by this Authorizing Resolution.

**SECTION 3.08. Authorization of Consultants.** The Authorized Officers of the Corporation are hereby authorized to select and retain the underwriters, financial advisors, transaction counsel, and disclosure counsel with respect to the authorization, sale and issuance of the Bonds.

**SECTION 3.09. Authorization of Post-Issuance Compliance Policies.** (a) It is necessary and in the best interest of the Corporation to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds and other debt obligations of the Corporation, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the Corporation or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds (including the Series 2017A Bonds, the “Tax Advantaged Obligations”). Accordingly, each Authorized Officer is authorized to develop policies for approval by this Board with respect to record-keeping and post issuance compliance with the Corporation’s covenants related to its Tax Advantaged Obligations.

(b) It is necessary and in the best interest of the Corporation to ensure compliance with its responsibilities under federal securities laws, including its continuing disclosure undertakings under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, such as the undertaking authorized in Section 2.06 hereof, and the statements of the Securities and Exchange Commission in enforcement actions. Accordingly, each Authorized Officer is authorized to develop appropriate policies and procedures to enable the Corporation to create accurate disclosures with respect to its (i) preliminary official statements, final official statements and any supplements or amendments thereto, disseminated by the Corporation pursuant to the issuance by the Corporation of any bonds, notes or other obligations, (ii) annual financial information, as required by the continuing disclosure undertakings to be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, and (iii) notices of reportable events, as described in such undertakings, and any other required or voluntary disclosures to EMMA.

#### **ARTICLE IV.**

#### **MISCELLANEOUS**

**SECTION 4.01. When Effective.** This Authorizing Resolution shall become effective immediately upon adoption by the Corporation.

EXHIBIT A  
FORM OF MASTER INDENTURE

**MASTER TRUST INDENTURE**

**by and between**

**SALES TAX SECURITIZATION CORPORATION**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee**

\_\_\_\_\_  
*Dated as of \_\_\_\_\_ 1, 2017*  
\_\_\_\_\_

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## MASTER TRUST INDENTURE

**THIS MASTER TRUST INDENTURE**, dated as of \_\_\_\_\_ 1, 2017, by and between **SALES TAX SECURITIZATION CORPORATION**, an Illinois not-for-profit corporation (the “**Corporation**”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

The Corporation recites and represents to the Trustee for the benefit of the Bondholders that it has authorized this Indenture.

### P R E L I M I N A R Y S T A T E M E N T

This Indenture provides for the following transactions:

- (a) Issuance by the Corporation of its obligations (i) to provide funding for any lawful purpose of the City of Chicago (the “City”), including but not limited to, funding for capital and infrastructure requirements of the City, to refund any outstanding bonds of the City and to refund outstanding obligations of the Corporation, and (ii) to make payments to the City in consideration for the City’s assignment of the Sales Tax Revenues;
- (b) Application of proceeds of such obligations; and
- (c) The Corporation’s assignment and pledge of the trust estate created hereby to the Trustee in trust for the benefit of the holders from time to time of the Corporation’s obligations.

### G R A N T I N G C L A U S E

To secure the payment of the principal and Redemption Price of and interest on the Secured Obligations and performance and observance of all of the covenants and conditions herein or therein contained, the Corporation has executed and delivered this Indenture and has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in, and by these presents does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personal, hereinafter described (such property being herein sometimes referred to as the “**Trust Estate**”), to wit:

- (i) All right, title and interest of the Corporation in and to the Sales Tax Revenues, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, and to bring actions and proceedings for the enforcement of the payment thereof;
- (ii) All right, title and interest of the Corporation in, to and under the Sale Agreement, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues to bring

actions and proceeding for the enforcement of the payment thereof, and the State's non-impairment pledge and agreement set forth in Section 8-13-15 of the Act;

(iii) Except as otherwise expressly provided herein, all of the Corporation's right, title and interest in money and securities on deposit with the Trustee in the funds and accounts (other than the Operating Fund, the City Proceeds Account and the Residual Fund) created pursuant to this Indenture and any Supplemental Indenture; **provided, however**, that the priority in which such money and securities are applied to the repayment of the Bonds and Subordinated Indebtedness shall be as expressly specified herein;

(iv) Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred to the Trustee as and for additional security hereunder by the Corporation or by any person on behalf of the Corporation, including without limitation the money and securities of the Corporation held by the Trustee as security for the Secured Obligations;

**TO HAVE AND TO HOLD**, all and singular, the properties and the rights and privileges hereby conveyed, assigned and pledged by the Corporation or intended so to be, unto the Trustee and its successors and assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth:

**FIRST**: with power of sale and for the equal and *pro rata* benefit and security of each and every owner of the Bonds issued and to be issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same shall have been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

**SECOND**; subject to the first priority security interest in the Trust Estate pledged to the payment of the Bonds, with power of sale and for the equal and *pro rata* benefit and security of each and every owner of Subordinated Indebtedness issued and to be issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any Subordinated Indebtedness over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each of such Subordinated Indebtedness shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same shall have been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

**PROVIDED, NEVERTHELESS**, that these presents are upon the express condition that if the Corporation or its successors or assigns shall well and truly pay or cause to be paid the

principal of such Secured Obligations with interest, according to the provisions set forth in the Secured Obligations, respectively and each of them or shall provide for the payment of (i) Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment thereof, when and as authorized by the provisions of Section 12.01 of this Indenture and (ii) Subordinated Indebtedness in accordance with the provisions of the indenture pursuant to which such Subordinated Indebtedness was issued, and shall also pay or cause to be paid all other sums payable hereunder by the Corporation, then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Corporation and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Corporation such instruments of satisfaction or release as may be specified by the Corporation as necessary or proper to discharge this Indenture, including, if appropriate, any required discharge of record, and if necessary shall grant, reassign and deliver to the Corporation, its successors or assigns, all and singular the property, rights, privileges and interest by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force.

**PROVIDED FURTHER, NEVERTHELESS**, that the Trust Estate shall not include the proceeds of any Secured Obligations held in the City Proceeds Account or any other proceeds of the Secured Obligations paid to or at the direction of the City pursuant to a Direction Letter, but shall include the proceeds of the Secured Obligations held in the Capitalized Interest Account, and such proceeds shall forever be free and clear of any right, title or interest therein, or claim or lien thereupon of the Trustee or the holders of Secured Obligations.

**IT IS HEREBY COVENANTED, DECLARED AND AGREED** by and between the parties hereto that all Secured Obligations are to be issued, authenticated and delivered, and that all Sales Tax Revenues and any other property or amounts pledged to the payment of the Secured Obligations are to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Corporation, for itself and its successors, does hereby covenant and agree to and with the Trustee and its respective successors in said trust as follows:

## **ARTICLE I.**

### **DEFINITIONS AND INTERPRETATION**

**Section 1.01 Definitions.** As used in this Indenture the following terms have the following meanings, unless a different meaning clearly appears from the context:

**“Accreted Value”** means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Capital Appreciation Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding

Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

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

**“Additional Bonds”** means Bonds issued subsequent to issuance of the Initial Bonds.

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

**“Arbitrage Rebate Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

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

**“Bond”** means any bond of the Corporation authorized and issued pursuant to Section 2.01 hereof and to a Supplemental Indenture.

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

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

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

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

**“Capitalized Interest”** means interest on Bonds payable from money on deposit in the Capitalized Interest Account.

**“Capitalized Interest Account”** means the account within the Proceeds Fund so designated, created and established pursuant to Section 5.02 hereof.

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

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

**“City Proceeds Account”** means the account within the Proceeds Fund so designated, created and established pursuant to Section 5.02 hereof.

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

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

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

**“Costs of Issuance”** means the items of expense incurred prior to, upon and during a reasonable period of time after issuance of the Secured Obligations of a Series, in each case in connection with the organization and initial operation of the Corporation, and authorization, sale and issuance of the Secured Obligations, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of the Secured Obligations, premiums, fees and charges for insurance on the Secured Obligations, commitment

fees or similar charges relating to a Reserve Fund Facility, and other costs, charges and fees in connection with the foregoing.

**“Costs of Issuance Account”** means the account within the Proceeds Fund so designated, created and established pursuant to Section 5.02 hereof.

**“Debt Retirement Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

**“Debt Service Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

**“Debt Service Reserve Deposit Requirement”** means (i) for each required withdrawal from the Debt Service Reserve Fund pursuant to Section 5.07(b) hereof, the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement assuming twelve (12) equal monthly deposits and (ii) for any required deposits to the Debt Service Reserve Fund in connection with the issuance of Additional Bonds, the amounts required to be deposited therein by the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**“Debt Service Reserve Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

**“Debt Service Reserve Fund Requirement”** means, with respect to the Initial Bonds, \$0, and with respect to any additional Series of Bonds, the amount of money, if any, required to be deposited in the Debt Service Reserve Fund as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**“Defeasance Security”** means:

(i) a Government Obligation, excluding obligations described in clause (iii)(a) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;

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

interest and redemption premium, if any, on such Municipal Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that at the time an investment therein is made is rated in the highest rating category by at least two Rating Services without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation; and

(iii) a note, bond, debenture, mortgage or other evidence of indebtedness, that, at the time acquired, is (a) not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such obligation by the obligor thereof to give due notice of redemption and to call such obligation for redemption on the date or dates specified in such instructions and such obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association, the Federal Farm Credit System or any other instrumentality of the United States of America and (c) is rated in the highest rating category by at least two Rating Services without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation.

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

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

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

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

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

**“Electronic Means”** means facsimile transmission, email transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued

by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

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

- (i) Defeasance Securities;
- (ii) interest-bearing general obligations of the United States of America;
- (iii) United States treasury bills and other non-interest bearing general obligations of the United States of America when offered for sale in the open market at a price below the face value of same, so as to afford the Corporation a return on such investment in lieu of interest;
- (iv) short-term discount Government Obligations;
- (v) certificates of deposit of national banks or banks located within the City which are (i) fully collateralized at least 110 percent by marketable Government Obligations marked to market at least monthly, (ii) secured by a corporate surety bond issued by an insurance company licensed to do business in the State and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment or (iii) insured by the Federal Deposit Insurance Corporation;
- (vi) banker’s acceptances of banks and commercial paper of banks whose senior obligations are rated in the top two short-term rating categories by at least two national rating agencies and maintaining such rating during the term of such investment;
- (vii) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the Corporation’s tax-exempt debt obligations; and
- (viii) domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission, including any such fund for which the Trustee or any of its affiliates provides any service including any service for which a fee may be paid.

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

**“Fitch”** means Fitch Ratings and its successors and assigns; *provided, however*, that references herein to Fitch shall be effective so long as Fitch is a Rating Service.



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

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

**“Interest Funding Requirement”** means as of any date 100% the interest accrued on all Outstanding Bonds as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve (12) 30-day months.

**“Indenture”** means this Master Trust Indenture as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions hereof.

**“Initial Bonds”** means the Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Series 2017, authorized to be issued by a First Supplemental Trust Indenture, dated as of \_\_\_\_\_ 1, 2017, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee.

**“Interest Commencement Date”** means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Supplemental Indenture authorizing such Bond, after which interest accruing on such Bond shall be payable on the dates succeeding such Interest Commencement Date as specified in the Supplemental Indenture authorizing such Deferred Income Bond.

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

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

**“Local Share Sales Tax Revenues”** means all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of those taxes imposed by the State pursuant to the Use Tax Act (35 ILCS 105), the Service Use Tax Act (35 ILCS 110), the Service Occupation Tax Act (35 ILCS 115) and the

Retailers' Occupation Tax Act (35 ILCS 120), each as supplemented and amended, or successor or substitute taxes therefor as provided by law in the future.

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

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

(ii) Capitalized Interest payable during a Fiscal Year shall be excluded from such calculation.

**“Municipal Code”** means the Illinois Municipal Code, 65 ILCS 5, as the same may be amended from time to time.

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

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

**“Operating Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

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

(i) any Secured Obligations canceled by the Trustee at or before such date;

(ii) any Bonds deemed to have been paid in accordance with Section 12.01 hereof;

(iii) any Bond paid pursuant to Section 3.09 hereof or any Bond in lieu of or in substitution for which another Bond, as applicable, shall have been authenticated and delivered pursuant to Article III, Section 4.06 or Section 10.06 hereof;

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

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

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

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

**“Principal Payment Date”** means each January 1.

**“Proceeds Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

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

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

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

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

**“Record Date”** means, when used in relation to the Bonds of a Series, the date specified as the record date for such Bonds in the Supplemental Indenture authorizing such Bonds.

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

**“Refinanced Obligations”** means all or any portion of the notes, bonds or other obligations of the City.

**“Refunding Bonds”** shall mean any of the Bonds authorized by Section 2.04;

**“Reserve Fund Facility”** means a surety bond, insurance policy or letter of credit delivered in accordance with Section 5.08 hereof to meet all or any part of the Debt Service Reserve Fund Requirement, if any, if the same is on the date of delivery issued:

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

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

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

**“Residual Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

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

**“Responsible Officer”** means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee within the corporate trust office specified in Section 14.09 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 14.09 because of such person’s knowledge of and familiarity

with the particular subject and having direct responsibility for the administration of this Indenture.

**“Sale Agreement”** means the Assignment, Purchase and Sale Agreement, dated as of \_\_\_\_\_ 1, 2017, by and among the City, the Corporation and the Trustee.

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

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

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

**“Securitized Sales Tax Revenue Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

**“Serial Bonds”** means the Bonds so designated in a Supplemental Indenture.

**“Series”** means (i) with respect to Bonds, all of the Bonds authenticated and delivered on original issuance and pursuant hereto and to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 4.06 or Section 10.06 hereof, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions and (ii) with respect to Subordinated Indebtedness, and any Subordinated Indebtedness authenticated and delivered in lieu of or in substitution for such Subordinated Indebtedness pursuant to the Supplemental Indenture authorizing such Subordinated Indebtedness, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**“Sinking Fund Installment”** means, as of any date of computation, the amount of money required to be paid on a single future January 1 or July 1 for the retirement of any Bonds which mature after said future January 1 or July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

**“State”** means the State of Illinois.

**“State Entity”** means the State Comptroller, the State Treasurer, or the Department of Revenue.

**“Subordinated Indebtedness”** means any indebtedness of the Corporation whether or not evidenced by any note, bond, debenture or other evidence of indebtedness incurred by the Corporation pursuant to a Supplemental Indenture in furtherance of its corporate purposes, which Subordinated Indebtedness shall be secured by a lien of the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to the Holders of Outstanding Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund.

**“Subordinated Indebtedness Fund”** means the fund so designated, created and established pursuant to Section 5.02 hereof.

**“Supplemental Indenture”** means any Indenture of the Corporation amending or supplementing the Indenture or any prior Supplemental Indenture executed and becoming effective in accordance with the terms and provisions of Article IX hereof.

**“Tax Exempt Bond”** means any Bond as to which Transaction Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

**“Term Bond”** means a Bond so designated in a Supplemental Indenture and payable from Sinking Fund Installments.

**“Transaction Counsel”** means a nationally recognized Transaction Counsel as may be selected by the Corporation for a specific purpose hereunder.

**“Trust Estate”** has the meaning given to such term in the granting clause of this Indenture.

**“Trustee”** means the bank or trust company appointed as Trustee for the Bonds pursuant to Section 8.01 hereof and having the duties, responsibilities and rights provided for herein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto.

**“Valuation Date”** means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Supplemental Indenture authorizing such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture authorizing such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

**Section 1.02 Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in the Indenture, refer to the Indenture.

## ARTICLE II.

### AUTHORIZATION AND ISSUANCE OF SECURED OBLIGATIONS

**Section 2.01 Authorization of Bonds.** There are hereby authorized to be issued Bonds of the Corporation to be designated as "Sales Tax Securitization Bonds," and there is hereby created a continuing pledge and lien as provided hereby to secure the payment of the principal and Redemption Price of and interest on all Outstanding Bonds. The Bonds shall be special obligations of the Corporation payable solely from the Trust Estate in the manner more particularly provided herein. The aggregate principal amount of Bonds which may be executed, authenticated and delivered is not limited except as provided hereby.

The Bonds may, if and when authorized by the Corporation pursuant hereto and to one or more Supplemental Indentures, be issued in one or more Series and the Bonds of each Series shall contain an appropriate Series designation.

The Bonds shall not constitute an indebtedness or an obligation of the City, the State or any subdivision thereof within the purview of any constitutional or statutory limitation or provision or a charge against the general credit or taxing powers, if any, of any of them but shall be payable solely from the Sales Tax Revenues deposited with the Trustee.

**Section 2.02 Provisions for Issuance of Bonds.** The issuance of the Initial Bonds and each Series of Additional Bonds shall be authorized by a Supplemental Indenture or Supplemental Indentures. The Bonds of a Series authorized to be issued shall be executed by the Corporation and delivered to the Trustee. Such Bonds shall from time to time and in such amounts as directed by the Corporation be authenticated by the Trustee and by it delivered to or upon the order of the Corporation upon receipt of the consideration therefor and upon delivery to the Trustee of:

(a) A copy of the Indenture and the Supplemental Indenture authorizing such Bonds, certified by an Authorized Officer of the Corporation;

(b) A copy of the Sale Agreement, certified by an Authorized Officer of the Corporation that it is in effect on the date thereof and has not been amended, supplemented, modified or repealed other than in accordance with its terms;

(c) A copy of the direction of the City to the Director of the Department of Revenue, the State Comptroller and the State Treasurer to pay all Sales Tax Revenues to the Trustee on behalf of the Corporation, which direction shall be irrevocable for so long as any Bonds or Subordinated Indebtedness remains Outstanding;

(d) A certificate of an Authorized Officer of the City approving the issuance of the Bonds, which certificate shall include a copy of the ordinance of the City Council of the City directing the issuance of such Bonds and approving

the amount and terms of such Bonds and the purposes for which the proceeds of such Bonds will be used;

(e) If a Reserve Fund Facility is to be provided in connection with the issuance of the Bonds of such Series, such Reserve Fund Facility and the opinion of counsel to the Provider thereof required by Section 5.08(a)(2) hereof;

(f) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation, describing the Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(g) A certificate of an Authorized Officer of the Corporation stating the amount, if any, required to be in the Debt Service Reserve Fund after issuance of the Bonds then to be issued, and that after deposit in the Debt Service Reserve Fund of the amount, if any, to be deposited therein in connection with the issuance of such Bonds, the amount on deposit in such fund will not be less than the Debt Service Reserve Fund Requirement;

(h) A certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained herein, or stating that after the issuance thereof the Corporation shall no longer be in default in the performance of any of the covenants, conditions, agreements or provisions contained herein;

(i) A certificate of an Authorized Officer of the Corporation setting forth (1) (A) Maximum Annual Debt Service after giving effect to the issuance of the Bonds of such Series and all other Bonds previously issued during such Fiscal Year (exclusive of Capitalized Interest and Bonds for which provision for the payment thereof has been made in accordance with Section 12.01(b) hereof on or prior to the date of issuance of the Bonds then to be issued, including as a result of the issuance of the Bonds then to be issued) and (B) the Operating Cap applicable for each such Fiscal Year, and (2) Sales Tax Revenues for the most recently completed Fiscal Year; provided, however, that the Initial Bonds may be issued without satisfying this clause (h); and provided, further, that in connection with the issuance of any Additional Bonds prior to the end of the first full Fiscal Year of the Corporation, Sales Tax Revenues will equal the Home Rule Sales Tax Revenues and the Local Share Sales Tax Revenue that were paid to the City in the most recently completed fiscal year of the City;

(j) A certificate of an Authorized Officer which demonstrates that the Sales Tax Revenues set forth in clause (i)(2) above are at least 400% of Maximum Annual Debt Service calculated as set forth in clause (i)(1)(A) above; provided, however, that the Initial Bonds may be issued without satisfying this clause (j); and



(k) An opinion of Transaction Counsel to the effect that the Indenture and the applicable Supplemental Indenture authorizing the Series of Bonds have been duly and lawfully authorized, executed and delivered by the Corporation; that the Indenture and the applicable Supplemental Indenture are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms; that the Indenture creates the valid pledge and the valid lien upon the Sales Tax Revenues which it purports to create, subject only to the provisions of the Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Indenture and each applicable Supplemental Indenture; and that the Corporation is duly authorized and entitled to issue such Series of Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Corporation entitled to the benefits of the Indenture; *provided, however*, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

**Section 2.03 Supplemental Indentures.** Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the following:

(a) The authorized principal amount of such Series of Bonds;

(b) The purpose or purposes for which such Series of Bonds is being issued, which shall be limited to (i) making payment to or upon the order of the Corporation in accordance with Sections 5.03 and 5.04 hereof, including to provide for payment of the principal of and interest on the Refinanced Obligations, (ii) paying the Costs of Issuance of such Series of Bonds, (iii) making a deposit to the Debt Service Reserve Fund, if any, (iv) providing money for the payment of interest accrued and to accrue on the Bonds of such Series for a period after their issuance, and (v) funding or refunding of Bonds or other notes, bonds or other indebtedness of the Corporation, which may include interest thereon;

(c) The date or dates, the maturity date or dates and principal amounts of each maturity of the Bonds of such Series, the amount and date of each Sinking Fund Installment, if any, and which Bonds of such Series are Serial Bonds or Term Bonds, if any, and the Record Date or Record Dates of the Bonds of such Series;

(d) Except in the case of Capital Appreciation Bonds and Deferred Income Bonds prior to the Interest Commencement Date, the interest rate or rates, if any, on the Bonds of such Series or the manner of determining such rate or rates, the date from which interest on the Bonds of such Series shall accrue, and the first date on which interest on the Bonds of such Series shall be payable;

(e) If Bonds of such Series are Capital Appreciation Bonds, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;

(f) If Bonds of such Series are Deferred Income Bonds, the Interest Commencement Date for such Bonds, the Valuation Date or Dates prior to the Interest Commencement Date for such Bonds and the Appreciated Value on each such Valuation Date;

(g) The denomination or denominations of and the manner of numbering and lettering the Bonds of such Series;

(h) The Paying Agent or Paying Agents for such Bonds and, subject to the provisions of Section 3.01 hereof, the place or places of payment of the principal or Redemption Price of and interest on the Bonds of such Series; *provided, however,* that such Paying Agent or Paying Agents may be appointed in accordance with the provisions of Section 8.02 hereof prior to authentication and delivery of such Series of Bonds;

(i) The Redemption Price or Redemption Prices, if any, and, subject to Article IV hereof, the redemption terms, if any, for the Bonds of such Series;

(j) Provisions for the sale or exchange of the Bonds of such Series and for the delivery thereof;

(k) The form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon, and whether any Bonds of such Series are to be issued as Book Entry Bonds and the Depository therefor;

(l) Directions for the application of the proceeds of the Bonds of such Series;

(m) If such Bonds shall be secured by the Debt Service Reserve Fund and if so, subject to the limitations set forth herein, the Debt Service Reserve Fund Requirement therefor; and

(n) Any other provisions deemed advisable by an Authorized Officer of the Corporation, not in conflict with the provisions hereof or of any Supplemental Indenture.

**Section 2.04 Refunding Bonds.** Subject to the provisions of this Indenture, Bonds may be issued by the Corporation for the purpose of refunding any Outstanding Bonds (“Refunding Bonds”) without satisfying the provisions of Sections 2.02(h) and 2.02(i) hereof, provided that the Corporation delivers a certificate of an Authorized Officer of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding Bonds after giving effect to the issuance of the Refunding Bonds will not be greater than the amount payable during such Fiscal

Year for the principal and Sinking Fund Installments of and interest on all Outstanding Bonds immediately prior to the issuance of such Refunding Bonds.

**Section 2.05 Subordinated Indebtedness.** The Corporation reserves the right to incur Subordinated Indebtedness pursuant to a Supplemental Indenture provided that such Subordinated Indebtedness is authorized by an ordinance of the City, which ordinance approves the amount and the terms of such Subordinated Indebtedness and the purposes for which the proceeds of such Subordinated Indebtedness will be used. Subordinated Indebtedness shall be secured by a lien on the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to Holders of Outstanding Bonds.

**Section 2.06 Residual Certificate.** Subject to the provisions of this Indenture, all amounts in the Residual Fund shall be paid to or on the order of the holder of the Residual Certificate free and clear of the lien of this Indenture. At delivery of the Initial Bonds, the Residual Certificate shall be delivered to, and registered on the books of the Corporation kept by the Trustee in the name of the City.

### ARTICLE III.

#### GENERAL TERMS AND PROVISIONS OF BONDS

**Section 3.01 Place and Medium of Payment.** The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; *provided, however*, that the Bonds of a Series or of any maturity within a Series may be payable in any coin or currency of any other nation as may be authorized by the Supplemental Indenture authorizing the issuance of such Bonds relating to such Bonds. Except as otherwise provided in Section 4.06 hereof, upon presentation and surrender of Bonds, the principal or Redemption Price of such Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Bonds shall be paid by check mailed to the registered owner thereof at the address thereof as it appears on the registry books of the Corporation or if authorized by the Supplemental Indenture authorizing a Series of Bonds by wire transfer to such registered owner of the Bonds of such Series. For purposes of this Section, interest is payable to the registered owner of a Bond at the close of business on the Record Date for such Bond. All payments of principal or Redemption Price of or interest on Bonds shall specify the CUSIP number or numbers of the Bonds in connection with which such payment is made.

The Bonds of each Series shall be issued in the form of fully registered Bonds without coupons.

Bonds of each Series issued prior to the first interest payment date thereof shall be dated as of the date specified in the Supplemental Indenture authorizing the issuance thereof. Bonds of each Series issued on or subsequent to the first interest payment date thereof shall be dated as of the interest payment date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication shall be an interest payment date, in which case they

shall be dated as of such date of authentication; *provided, however*, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Bonds of each Series shall bear interest from their date.

All Bonds of each Series shall mature on January 1 or July 1 of the year or years fixed by the Supplemental Indenture authorizing the issuance of such Bonds. Interest on all Bonds that bear interest at a stated fixed rate to their respective maturity dates shall be payable on January 1 or July 1 of each year. Interest on all other Bonds shall be payable as provided in the Supplemental Indenture authorizing the issuance of such Bonds. The first installment of interest due on the Bonds of a Series may be for such period as the Corporation shall fix in the Supplemental Indenture authorizing the issuance thereof.

**Section 3.02 Legends.** The Bonds may contain, or have endorsed thereon, such provisions, specifications and descriptive words not inconsistent herewith or with any Supplemental Indenture authorizing the same, as may be necessary or desirable and as may be determined by the Corporation prior to their delivery.

**Section 3.03 CUSIP Numbers.** The Corporation shall provide for the assignment of CUSIP numbers for such Bonds and cause such CUSIP numbers to be printed thereon, and the Trustee shall use such CUSIP numbers in notices of redemption and on all checks payable to Bondholders as a convenience to Bondholders; *provided, however*, that any such notice shall state that no representation is made as to the correctness of such number either as printed on such Bonds or as contained in any notice of redemption, and that an error in a CUSIP number as printed on such Bond or as contained in any notice of redemption shall not affect the validity of the proceedings for redemption. The Corporation shall promptly notify the Trustee of any change in the CUSIP numbers assigned to any Bond of which the Corporation has knowledge.

**Section 3.04 Execution and Authentication.** The Bonds shall be executed in the name of the Corporation by the manual or facsimile signature of an Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of the Secretary, an Assistant Secretary or other Authorized Officer of the Corporation, or in such other manner as may be permitted by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be delivered as provided herein, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or be employed by, the Corporation, although at the date of the Bonds such persons may not have been so authorized or have held such office or employment.

The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing the issuance of such Bonds, executed manually

by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit hereunder and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Corporation shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and that the Holder thereof is entitled to the benefits hereof.

**Section 3.05 Interchangeability of Bonds.** Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and tenor of any other authorized denominations.

**Section 3.06 Transfer and Registry.** So long as any of the Bonds shall not have matured or been called for redemption, the Corporation shall maintain and keep, or cause to be maintained and kept, at the designated corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Corporation shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds have not matured or been called for redemption, the Corporation shall make all necessary provisions to permit the exchange of Bonds at the designated corporate trust office of the Trustee.

**Section 3.07 Transfer of Bonds.** Each Bond shall be transferable only upon the books of the Corporation, which shall be kept for that purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney and the payment of a charge sufficient to reimburse the Corporation or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Upon the transfer of any such Bond, the Corporation shall cause to be issued in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series, maturity and tenor as the surrendered Bond.

The Corporation and the Trustee may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and, subject to the provisions of Section 3.01 hereof with respect to Record Dates, interest on such Bond and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

**Section 3.08 Regulations with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provisions hereof, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith, shall be paid by the person requesting such exchange or transfer. The Corporation shall not be obliged to make, or cause to be made, any exchange or transfer of Bonds of any Series during the period beginning on the Record Date for such Bonds immediately preceding an interest payment date on such Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds of such Series, after the date immediately preceding the date notice of redemption has been mailed.

**Section 3.09 Bonds Mutilated, Destroyed, Lost or Stolen.** In case any Bond shall become mutilated or be destroyed, lost or stolen, the Corporation in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, tenor and principal amount as the Bond so mutilated, destroyed, lost or stolen, in exchange and substitution for the mutilated, destroyed, lost or stolen Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for such Bond so destroyed, lost or stolen, upon filing with the Corporation evidence satisfactory to the Corporation and the Trustee that such Bond has been destroyed, lost or stolen and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be canceled by it and evidence of such cancellation shall be given to the Corporation. In case any Bond which has matured or is about to mature shall have become mutilated or have been destroyed, lost or stolen, the Corporation may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of such mutilated Bond upon the surrender on or after the maturity date thereof, or authorize the payment of such destroyed, lost or stolen Bond, upon the Holder thereof filing evidence satisfactory to the Corporation and the Trustee that such Bond has been destroyed, lost or stolen and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and the Trustee may incur in connection therewith.

**Section 3.10 Book Entry Bonds.** Anything herein to the contrary notwithstanding, Bonds may be authorized and issued as Book Entry Bonds in accordance with the Supplemental Indenture authorizing such Bonds.

For all purposes of the Indenture the Holder of a Book Entry Bond shall be the Depository therefor and neither the Corporation nor the Trustee shall have responsibility or any obligation to the beneficial owner of such Bond or to any direct or indirect participant in such Depository. Without limiting the generality of the foregoing, neither the Corporation nor the Trustee shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Bond with respect to (i) the accuracy of the records of the Depository or any participant with respect to any beneficial ownership interest in such Bond, (ii) the delivery to any participant of the Depository, the beneficial owner of such Bond or any other person, other than the Depository, of any notice with respect to such Bond, including any notice of the redemption thereof, or (iii) the payment to any participant of the Depository, the beneficial owner of such Bond or any other person, other than the Depository, of any amount with respect to the principal or Redemption Price of, or interest on, such Bond. The Corporation and the Trustee may treat the Depository therefor as the absolute owner of a Book Entry Bond for the purpose of (x) payment of the principal or Redemption Price of and interest on such Bond, (y) giving notices of redemption and of other matters with respect to such Bond, (z) registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal or Redemption Price of and interest on such Bond only to or upon the order of the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Corporation's obligations with respect to such principal or Redemption Price and interest to the extent of the sum or sums so paid. No person other than the Depository shall receive a Bond or other instrument evidencing the Corporation's obligation to make payments of the principal or Redemption Price thereof and interest thereon.

Anything herein to the contrary notwithstanding, payment of the Redemption Price of a Book Entry Bond which is redeemed in part prior to maturity may be paid to the Depository by wire transfer without surrender of such Bond to the Trustee; *provided, however*, that the Trustee shall maintain records as to each such payment and of the principal amount of such Bond Outstanding, which shall be binding on the Corporation and the Holders from time to time of such Bond; *provided, further*, that payment of the principal or Redemption Price of and interest on a Book Entry Bond at the maturity date or earlier date on which such Bond has been called for redemption in whole shall only be made upon presentation and surrender of such Bond to the Trustee at its designated corporate trust office.

The Corporation, in its sole discretion and without the consent of the Trustee, the beneficial owner of a Book Entry Bond or any other person, may terminate the services of the Depository with respect to a Book Entry Bond if the Corporation determines that (i) the Depository is unable to discharge its responsibilities with respect to such Bonds or (ii) a continuation of the requirement that all of the Outstanding Bonds of like Series issued in book entry form be registered in the registration books of the Corporation in the name of the Depository, is not in the best interest of the beneficial owners of such Bonds, and the Corporation shall terminate the services of the Depository upon receipt by the Corporation and the Trustee of written notice from the Depository that it has received written requests that such Depository be removed from its participants having beneficial interest, as shown in the records of the Depository, in an aggregate amount of not less than a majority in principal amount of the then Outstanding Bonds for which the Depository is serving as Depository.

Upon the termination of the services of a Depository with respect to a Book Entry Bond, or upon the resignation of a Depository with respect to a Book Entry Bond, after which no substitute securities depository willing to undertake the functions of such Depository can be found which, in the opinion of the Corporation, is able to undertake such functions upon reasonable and customary terms, such Bonds shall no longer be registered in the registration books kept by the Trustee in the name of a Depository, but shall be registered in the name or names of the Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of Article III hereof.

**Section 3.11 Preparation of Definitive Bonds; Temporary Bonds.** The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders, except that Book Entry Bonds may be typewritten. Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in Section 3.04 hereof, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized denominations or any whole multiples thereof authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The Corporation at its own expense shall prepare and execute and, upon the surrender at the designated corporate trust office of the Trustee of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the designated corporate trust office of the Trustee, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant hereto.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

## ARTICLE IV.

### REDEMPTION OF BONDS

**Section 4.01 Authorization of Redemption.** Bonds subject to redemption prior to maturity pursuant hereto or to a Supplemental Indenture shall be redeemable, in accordance with this Article IV, at such times, at such Redemption Prices and upon such terms as may otherwise be specified herein or in the Supplemental Indenture authorizing such Series.

**Section 4.02 Redemption at the Election of the Corporation.** In the case of any redemption of Bonds other than as provided in Section 4.03 hereof, the Corporation shall give written notice to the Trustee of its election to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. Such notice shall be given not less than twenty (20) days prior to the redemption date or (or, if the Bonds are held by DTC, in accordance with the rules of DTC). The Series, maturities and principal amounts thereof to be so



redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained herein or in the Supplemental Indenture authorizing such Series. The Corporation shall pay to the Trustee on or prior to the redemption date an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed.

**Section 4.03 Redemption Other Than at Corporation's Election.** Whenever by the terms hereof the Trustee is required to redeem Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series and maturities to be redeemed in the manner provided in Section 4.04 hereof, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

**Section 4.04 Selection of Bonds to Be Redeemed.** Unless otherwise provided in the Supplemental Indenture authorizing the issuance of Bonds of a Series, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as in this Section 4.04 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; *provided, however,* that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

For purposes of this Section 4.04, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds, and the lowest denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

**Section 4.05 Notice of Redemption.** Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Corporation which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with Section 2.01 hereof, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price, if then known; (v) with respect to each such Bond, the principal amount thereof to be redeemed; (vi) that, except in the case of Book Entry Bonds, such Bonds will be redeemed at the designated corporate trust office of the Trustee giving the address thereof and the telephone number of the Trustee to which inquiries may be directed; (vii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on a Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (viii) if the Corporation's obligation to redeem the Bonds is subject to conditions, a statement to that effect and of the conditions to such redemption. Such notice shall further state that, if on such date all conditions to redemption have been satisfied, there shall become due and payable on such date upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than twenty (20) days (or, if the Bonds are held by DTC, in accordance with the rules of DTC) nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Corporation that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided herein. Such certificate shall be conclusive evidence that such notice was given in the manner required hereby. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

The Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than twenty (20) days prior to the redemption, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to S&P's Called Bond Record, in each case at the most recent address therefor, or to any successor thereof, or, if the Bonds are held by DTC, such notice shall be given in accordance with the procedures of DTC). Such copies shall be sent by first class mail, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

**Section 4.06 Payment of Redeemed Bonds.** Notice having been given by mail in the manner provided in Section 4.05 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, except as otherwise provided in Section 3.10 hereof upon presentation and surrender of such Bonds, at the office or offices specified in

such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date; *provided, however*, that payment of the Redemption Price may be paid by wire transfer to such registered owner if so authorized in the Supplemental Indenture that authorized the Bonds of the Series to be redeemed. If there shall be drawn for redemption less than all of the principal amount of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding hereunder. If such money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## ARTICLE V.

### **PLEDGE OF TRUST ESTATE; FUNDS AND ACCOUNTS; SALES TAX REVENUES AND APPLICATION THEREOF**

**Section 5.01 Pledge of Trust Estate.** The Corporation, to secure the payment of the principal and Redemption Price of and interest on the Bonds and Subordinated Indebtedness and performance and observance of all of the covenants and conditions herein or therein contained, has by the Granting Clause hereof conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee its successor or successors and its or their assigns forever, with power of sale, the Trust Estate. The Bonds shall be special obligations of the Corporation payable solely from and secured by a pledge of the Trust Estate, which pledge shall constitute a first lien thereon.

The pledge is an agreement between the Corporation and Holders of Bonds and Subordinated Indebtedness to provide security for the Bonds and Subordinated Indebtedness, and is in addition to any statutory lien that may exist.

**Section 5.02 Establishment of Funds and Accounts.** (a) The following funds and separate accounts within funds are hereby established and shall be held, in trust, and maintained by the Trustee:

Proceeds Fund:  
    Costs of Issuance Account;  
Securitized Sales Tax Revenue Fund;  
Debt Service Fund;  
    Capitalized Interest Account;  
    Interest Account; and  
    Principal Account;  
Debt Service Reserve Fund;  
Arbitrage Rebate Fund;  
Subordinated Indebtedness Fund; and  
Debt Retirement Fund

(b) The City Proceeds Account within the Proceeds Fund is hereby established and created and shall be held by the Trustee for the benefit of the City.

(c) The Operating Fund is hereby established and created and shall be held by the Trustee for the benefit of the Corporation.

(d) The Residual Fund is hereby established and created and shall be held by the Trustee for the benefit of the holder of the Residual Certificate.

(e) For purposes of internal accounting, each such fund may contain one or more accounts or subaccounts, as the Corporation may deem proper. All money at any time deposited in any fund, account or subaccount created and pledged hereby or by any Supplemental Indenture or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided herein.

**Section 5.03 Application of Bond Proceeds.** Upon the receipt of proceeds from the sale of a Series of Bonds, the Corporation shall apply such proceeds as specified herein and in the Supplemental Indenture authorizing such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Supplemental Indenture authorizing such Series.

**Section 5.04 Application of Money in the Proceeds Fund.** (a) As soon as practicable after the delivery of each Series of Bonds, there shall be deposited into each account within the Proceeds Fund, the Debt Service Fund and the Debt Service Reserve Fund the amount required to be deposited therein pursuant to the Supplemental Indenture authorizing such Series. The income or interest earned on investments held for the credit of the Proceeds Fund shall be withdrawn by the Trustee, as received, and deposited in the Interest Account of the Debt Service Fund unless otherwise expressly directed by an Authorized Officer of the Corporation.

(b) Money in the City Proceeds Account of the Proceeds Fund shall be paid to or upon the direction of the City in accordance with a Direction Letter. Except as otherwise provided in this Article V and in any applicable Supplemental Indenture money in the Costs of Issuance Account of the Proceeds Fund shall be used only to pay the Costs of Issuance of the Bonds. Such payments shall be made by the Trustee upon the written direction of an Authorized Officer of the Corporation that sets forth in reasonable detail the purpose of the payment, the amount of such payment and the name of the payee. The Trustee shall rely fully on any such written direction delivered pursuant to this Section and shall not be required to make any investigation in connection therewith.

(c) The money remaining in the Proceeds Fund after paying or making provision in accordance with the direction of an Authorized Officer of the Corporation for the payments required to be made pursuant to paragraph (b) of this Section, including any Costs of Issuance then unpaid, shall be applied as follows and in the following order of priority:

First: To the Arbitrage Rebate Fund, the amount determined by the Corporation to be required to be deposited therein;

Second: To the Debt Service Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any; and

Third: Any balance remaining, upon the written direction of the City.

**Section 5.05 Deposit of Sales Tax Revenues in the Securitized Sales Tax Revenue Fund.** (a) Effective on the date of issuance of the Initial Bonds, the City shall direct the Director of the Department of Revenue, the State Comptroller and the State Treasurer to pay all Sales Tax Revenues to the Trustee on behalf of the Corporation. All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two (2) Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund and such amounts shall be applied by the Trustee to fund the deposits set forth in Section 5.06 below.

(b) Any Sales Tax Revenues received by the Corporation shall be promptly (and no event later than two Business Days after receipt) transferred to the Trustee for deposit in the Securitized Sales Tax Revenue Fund.

**Section 5.06 Application of Sales Tax Revenues.** Promptly (and in no event later than two Business Days) following the deposit of Sales Tax Revenues into the Securitized Sales Tax Revenue Fund, the Trustee shall withdraw from the Securitized Sales Tax Revenue Fund and transfer and apply such amounts as follows and in the following order of priority:

First: To the Operating Fund, the amount that, together with all other Sales Tax Revenues on deposit therein causes the total amount deposited in such Fund in a Fiscal Year to equal the lesser of (i) the Operating Cap for the then current Fiscal Year and (ii) the budgeted Corporation Expenses for such Fiscal Year;

Second: To the Interest Account of the Debt Service Fund, an amount equal to (a) any interest then due and unpaid on Outstanding Bonds, plus (b) 150% of the Interest Funding Requirement until the amount on deposit therein is equal to 100% of the interest due on all Outstanding Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund pursuant to Section 5.04(b);

Third: To the Principal Account of the Debt Service Fund, an amount equal to (a) any principal and Sinking Fund Installments then due and unpaid on Outstanding Bonds, plus (b) 150% of the Principal Funding Requirement until such amount on deposit therein is equal to 100% of the principal and Sinking Fund Installments due on all Outstanding Bonds on the next succeeding Principal Payment Date;

Fourth: To reimburse, *pro rata*, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider;

Fifth: Upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund the amount set forth in such direction;

Sixth: To the Debt Service Reserve Fund, the Debt Service Reserve Deposit Requirement, if any;

Seventh: To the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture;

Eighth: To the Corporation, the amount, if any, necessary to pay Operating Expenses specified by a certificate of an Authorized Officer of the Corporation in excess of the Operating Cap for such Fiscal Year or incurred but not paid in the preceding Fiscal Year;

Ninth: Upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and

Tenth: To the Residual Fund, any remaining balance.

**Section 5.07 Debt Service Fund.** (a) The Trustee shall pay out of the Debt Service Fund the principal and Sinking Fund Installments of and interest on all Outstanding Bonds as the same is due and payable. Amounts paid to a Paying Agent for payments pursuant to this Section shall be irrevocably pledged to and applied to such payments.

(b) In the event that on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Bonds is due the amount in the Debt Service Fund is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds due on said date, the Trustee shall withdraw, first, from the Debt Retirement Fund, and then from the Debt Service Reserve Fund, and deposit to the Debt Service Fund, such amount as will increase the amount therein to an amount sufficient to make such payments; *provided, however*, no amount shall be withdrawn from the Debt Retirement Fund if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased.

(c) Notwithstanding the provisions of this Section, the Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased or otherwise purchased and delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Corporation. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date.

(d) Money in the Debt Service Fund on the last day of each Fiscal Year in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Bonds on the next succeeding Principal Payment Date, including the income or interest earned on investment of money in the Debt Service Fund, shall be withdrawn and transferred first, to the

Debt Service Reserve Fund in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, second, to the Subordinated Indebtedness Fund, in such amount, if any, as is necessary to make the amount on deposit therein equal to the principal of and interest due and payable on the Subordinated Indebtedness on the next Principal Payment Date and third, any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant hereto; **provided, however**, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

**Section 5.08 Debt Service Reserve Fund.** (a) (1) The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Supplemental Indenture authorizing the issuance of such Series of Bonds. If at any time the amount in the Debt Service Reserve Fund is not at least equal to the Debt Service Reserve Fund Requirement, the Corporation shall have no obligation to maintain or restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement other than as expressly provided in this Indenture.

(2) In lieu of or in substitution for money or another Reserve Fund Facility, the Corporation may deliver or cause to be delivered to the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Requirement, if any; **provided, however**, as a condition to delivery thereof (other than upon initial issuance of the Initial Bonds) the Trustee shall also receive (i) a Rating Confirmation, (ii) an opinion of counsel to the Provider acceptable to the Trustee to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Provider thereof and is valid, binding and enforceable in accordance with its terms, (iii) in the event such Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Trustee and to each Provider and (iv) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute voidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Corporation.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required thereby) on any date on which money is required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of this Section and Section 5.15 hereof, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

(b) Money held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of Section 5.07(b) hereof; **provided, however**, that no payment under a Reserve Fund Facility shall be sought unless and until money is not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the



Debt Service Reserve Fund pursuant to this paragraph cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; *provided, further*, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time money is to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, *pro rata*, based upon the respective amounts then available to be paid thereunder.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of money on the date for which such money is required.

(c) The income or interest earned on investments held for the credit of the Debt Service Reserve Fund shall, at the written direction of the Corporation, be withdrawn by the Trustee and be deposited in the Arbitrage Rebate Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Debt Retirement Fund or the Residual Fund in accordance with such direction. If on June 30 of a Fiscal Year the value of the money, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, if any, such excess shall be withdrawn by the trustee upon direction of the Corporation and deposited in the Arbitrage Rebate Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Debt Retirement Fund or the Residual Fund, in accordance with such direction; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Debt Service Fund; *provided, further*, that if such amount results from the substitution of a Reserve Fund Facility for money or investments in the Debt Service Reserve Fund, such amount shall not be so applied unless in the opinion of Transaction Counsel such application will not adversely effect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes.

(d) Notwithstanding the provisions hereof, if, upon a Bond having been deemed to have been paid in accordance with Section 12.01 hereof, the amount held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, if any, then the Trustee shall, in accordance with the written direction of an Authorized Officer of the Corporation, withdraw all or any portion of such excess from the Debt Service Reserve Fund and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Corporation or to fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for the payment of such Bond or (ii) pay such amount to, or upon the order of, the Corporation if, in the opinion of Transaction Counsel, such payment will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for federal income tax purposes; *provided, however*, that no such withdrawal shall be made if the amount remaining in the Debt Service Reserve Fund following such withdrawal would be less than the Debt Service Reserve Fund Requirement, if any.

**Section 5.09 Arbitrage Rebate Fund.** The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the Corporation for deposit therein and, notwithstanding any other provisions of this Article V, shall transfer to the Arbitrage Rebate

Fund, in accordance with the directions of an Authorized Officer of the Corporation, money on deposit in any other funds or accounts held by the Trustee hereunder at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Corporation shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Corporation determines to be in excess of the amount required to be so rebated shall be withdrawn and transferred to the Debt Service Reserve Fund in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any, and any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant hereto.

If and to the extent required by the Code, the Corporation shall periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held hereunder and deposit to the Arbitrage Rebate Fund, such amount as the Corporation shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

**Section 5.10 Subordinated Indebtedness Fund.** Subject to Section 5.06 of this Indenture, the Corporation shall deposit in the Subordinated Indebtedness Fund all Sales Tax Revenues paid to the Corporation and all other money not otherwise required hereby to be applied to a purpose other than those of the Subordinated Indebtedness Fund as may be required for payment of Subordinated Indebtedness. The Trustee shall pay out of the Subordinated Indebtedness Fund all amounts required for such payments in accordance with the Supplemental Indenture authorizing the issuance of such Subordinated Indebtedness. Money in the Subordinated Indebtedness Fund that on the last day of each Fiscal Year is in excess of the amount then required by Section 5.06 hereof to be therein may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant hereto; *provided, however*, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

**Section 5.11 Debt Retirement Fund.** Money deposited in the Debt Retirement Fund during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of an Authorized Officer of the Corporation to the purchase or redemption of Outstanding Bonds or to pay or make provision for payment of Outstanding Bonds in accordance with Section 12.01 of this Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or make provision for payment of Outstanding Bonds in accordance with Section 12.01 of this Indenture if at such time the amount on deposit in the Debt Service Fund is less than the amount

then required to be on deposit therein. Notwithstanding the foregoing, money in the Debt Retirement Fund not required to pay the Redemption Price or purchase price of Bonds theretofore called for redemption or contracted to be purchases shall, at the direction of an Authorized Officer of the Corporation, be withdrawn from the Debt Retirement Fund and transferred to the Debt Service Fund or the Arbitrage Rebate Fund at any time money is required for the purposes of such funds.

**Section 5.12 Residual Fund.** Amounts deposited in the Residual Fund shall be free and clear of the lien of this Indenture and shall promptly be paid to the holder of the Residual Certificate.

**Section 5.13 Application of Money in Certain Funds for Retirement of Bonds.** Notwithstanding any other provisions hereof, if at any time the amounts held in the Debt Service Fund, the Debt Service Reserve Fund and the Debt Retirement Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to Section 12.01(b) hereof for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds hereby and by each Supplemental Indenture as provided in Article IV hereof, or (ii) give the Trustee irrevocable instructions in accordance with Section 12.01(b) hereof and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

**Section 5.14 Transfer of Investments.** Whenever money in any fund or account established hereunder is to be paid in accordance herewith to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; *provided, however*, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

**Section 5.15 Computation of Assets of Certain Funds.** The Trustee shall compute the value of the assets in each fund and account established hereby on the last day of each calendar month (or if such day is not a Business Day, on the immediately preceding Business Day). In addition, the Trustee shall compute the value of the assets of the Debt Service Reserve Fund immediately prior to any withdrawal from the Debt Service Reserve Fund and on the date on which money may be required to be to be deposited in the Debt Service Reserve Fund pursuant to this Article V. The Trustee shall promptly notify the Corporation of the results of such computation and the amount by which the amount in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement, if any.

## ARTICLE VI.

### SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**Section 6.01 Investment of Funds and Accounts Held by the Trustee.** (a) Subject to the limitations set forth in this paragraph, money held hereunder, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Eligible Investments in accordance with the direction of an Authorized Officer of the Corporation given in writing. Money in the Debt Service Fund shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) or (iv) of the definition of the term "Eligible Investments" set forth in Section 1.01 hereof and such investments shall mature no later than the date on which such moneys are required to be used to pay principal or Sinking Fund Installments of and interest on Bonds when due. Money in the Capitalized Interest Account shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) and (iv) of the definition of the term "Eligible Investments" set forth in Section 1.01 hereto and such investments shall mature no later than the date on which such moneys are required to be used to pay interest on Bonds when due. No investment of money in the Debt Service Reserve Fund shall mature more than five years after the date such investment is purchased or made unless the Corporation shall direct the Trustee to put or tender such investment not later than one Business Day prior to each December 15 and June 15 prior to the investment's stated maturity date for (x) purchase at a price not less than one hundred percent (100%) of the stated principal amount of such investment by the issuer or an entity whose senior unenhanced long-term debt obligations are rated by at least two Rating Services at least as high as the rating assigned by such Rating Services on the Corporation's Outstanding unenhanced Bonds without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation or (y) redemption by the issuer at a price not less than one hundred percent (100%) of the stated principal amount thereof.

(b) The Trustee may conclusively rely upon the Corporation's written instructions as to both the suitability and legality of the directed investments. Ratings of permitted investments shall be determined at the time of purchase of such permitted investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. [If no direction has been given by the Corporation, the Trustee shall invest money held hereunder in overnight time deposits.]

(c) Obligations purchased or other investments made as an investment of money in any fund or account held under the provisions hereof shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be credited or charged, as the case may be, to such fund or account.

(d) In computing the amount in any fund or account held by the Trustee under the provisions hereof, obligations purchased as an investment of money therein or held therein shall be valued at the market value thereof, inclusive of accrued interest to the date of valuation.

(e) Notwithstanding anything to the contrary herein, the Corporation, in its discretion, may, and the Trustee at the direction of an Authorized Officer of the Corporation, shall sell, present for redemption or exchange any investment held pursuant hereto and the proceeds thereof may be reinvested as provided in this Section. Except as otherwise provided herein, such investments shall be sold at the best price reasonably obtainable by it, or presented for redemption or exchange, whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Corporation in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account hereunder and of the details of all investments held for the credit of each fund and account in its custody under the provisions hereof as of the end of the preceding month and as to whether such investments comply with the provisions of paragraphs (a) and (b) of this Section. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

(f) Although the Corporation recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Corporation hereby agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered.

**Section 6.02 Liability for Investments.** Neither the Corporation nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of this Article VI, in the manner provided in this Article VI, for any depreciation in value of any such investment, or for any loss, fee, tax or other charge, direct or indirect, resulting from any such investment, reinvestment or liquidation of an investment.

## ARTICLE VII.

### PARTICULAR COVENANTS

The Corporation covenants and agrees with the Holders of the Bonds as follows:

**Section 7.01 Payment of Principal and Interest.** The Corporation shall pay or cause to be paid every Bond, including interest thereon, on the dates and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

**Section 7.02 Extension of Payment of Bonds.** The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of such Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default hereunder, to the benefit hereof or of any Supplemental Indenture or to any payment out of any assets of the Corporation or the funds (except funds held in trust for the

payment of particular Bonds or claims for interest pursuant hereto and to any Supplemental Indenture) held by the Trustee, except subject to the prior payment of the principal of all Outstanding Bonds the maturity of which has not been extended and of such portion of the interest on such Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Corporation to issue Bonds or other bonds or notes to refund Outstanding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

**Section 7.03 Powers as to Bonds and Pledge.** The Corporation is duly authorized to create and issue the Bonds, to execute the Indenture and each Supplemental Indenture and to pledge and assign the Trust Estate in the manner and to the extent provided herein and therein. The Corporation further covenants that the Trust Estate is and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created hereby. The Corporation further covenants that all corporate action on the part of the Corporation to that end has been duly and validly taken. The Corporation further covenants that the Bonds and the provisions hereof and of each Supplemental Indenture are and shall be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms hereof and of each Supplemental Indenture. The Corporation further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all of the rights of the Holders of Bonds under the Indenture and each Supplemental Indenture against all claims and demands of all persons whomsoever.

**Section 7.04 Further Assurance.** The Corporation, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, and the pledges hereby made or intended so to be, or which the Corporation may hereafter become bound to pledge or assign.

**Section 7.05 Corporate Existence.** The Corporation shall maintain its existence as an Illinois not-for-profit corporation and shall not amend its certificate of incorporation in any manner that would have the effect of expanding its corporate purposes or restricting the corporate action for which the affirmative vote of an independent director is required.

The Corporation shall not engage in any dissolution, liquidation, consolidation, merger or asset sale (other than the transactions contemplated herein), without prior written notice to the Rating Services.

**Section 7.06 Accounts and Audits.** The Corporation shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the City, the Trustee, each Provider or of any Holder of a Bond or a representative of any of the foregoing duly authorized in writing. The Corporation shall cause such books and accounts to be audited annually after the end of its fiscal year by an independent certified public

accounting firm selected by the Corporation. Annually within thirty (30) days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee, to each Provider and to the City. A copy of the most recently audited financial statements of the Corporation, together with a copy of the accountant's report thereon, shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

**Section 7.07 Creation of Liens.** Except as permitted hereby, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Bonds on the Trust Estate; *provided, however*, that nothing contained herein shall prevent the Corporation from incurring Subordinated Indebtedness that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject and subordinate to the lien or charge thereon created hereby.

**Section 7.08 Restricted Payments.** The Corporation shall not, directly or indirectly, make any payments or distributions of the Sales Tax Revenues or money in the funds and accounts established hereunder except in accordance with this Indenture.

**Section 7.09 Offices for Payment and Registration of Bonds.** The Corporation shall at all times maintain an office or agency in the State where Bonds may be presented for payment, which office or agency may be at or through the designated corporate trust office of the Trustee. The Corporation may, pursuant to a Supplemental Indenture, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this Section shall be subject to the provisions of Section 3.01 hereof.

**Section 7.10 Amendments, Waivers, Etc.** (a) Except as otherwise provided herein, the Sale Agreement may not be amended, changed, modified or terminated, or any provision thereof waived, without the consent of the Holders of Outstanding Bonds as herein provided, if such amendment, change, modification, termination or waiver (i) reduces the amount payable to the Corporation thereunder or delays the date on which amounts are payable, (ii) waives or surrenders any right of the Corporation or (iii) modifies, diminishes, limits or conditions the rights of the Corporation thereunder, or the remedies which upon the occurrence of a default may be exercised by the Corporation thereunder.

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Bonds of the Series so affected and then Outstanding; *provided, however*, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and

such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(b) The Sale Agreement may be amended, changed or modified or any provision thereof waived in any other respect without the consent of the Holders of Outstanding Bonds if the same does not adversely affect the Holders of Bonds in any material respect, except that no amendment, change, modification or alteration thereof to cure any ambiguity or defect or inconsistent provision therein or to insert such provisions clarifying matters or questions arising thereunder as are necessary or shall be made unless such amendment, change, modification or waiver is not contrary to or inconsistent with the provisions thereof as theretofore in effect and unless consented to by the Trustee.

(c) No amendment, change, modification or termination of the Sale Agreement or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Transaction Counsel to the effect that the same is not inconsistent herewith and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

(d) For the purposes of this Section, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to an amendment, change, modification, termination or waiver permitted by this Section with the same effect as a consent given by the Holder of such Bonds.

For the purposes of this Section, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee shall be entitled conclusively to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee and the Corporation, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

**Section 7.11 Budget of Corporation Expenses.** Annually, the Corporation shall present a budget of Corporation Expenses made or to be made for such Fiscal Year. The budget of the Corporation Expenses may be amended by the Corporation from time to time. Each such budget of the Corporation Expenses or amendment thereto shall be filed by the Corporation with the Trustee and the City and shall be accompanied by a certificate signed by an Authorized Officer of the Corporation stating that such budget has been prepared and is filed in accordance with the provisions of this Section.

**Section 7.12 Payment of Lawful Charges.** The Corporation shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Trust Estate, when the same shall become due. Except as otherwise expressly permitted



hereby, the Corporation shall not create or suffer to be created any lien or charge upon the Trust Estate, except the pledge and lien created or permitted hereby.

**Section 7.13 Enforcement of Rights.** The Corporation shall diligently commence and pursue any and all actions (i) to enforce its rights under the Sale Agreement and (ii) to enforce the City's obligations under the Sale Agreement. If the Corporation fails to enforce its rights and the City's obligations under the Sale Agreement, pursuant to Section 11.03 hereof, the Trustee shall have the right to enforce such rights and obligations, including the City's non-impairment covenant pursuant to Section 6.01 of the Sale Agreement.

**Section 7.14 Transfer of Residual Certificate.** The Corporation shall include a restriction on the transfer of the Residual Certificate to the effect that the Residual Certificate may not be transferred by the holder thereof to another person unless the Corporation and the City have received an opinion of Transaction Counsel that such transfer will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income of the Holder thereof for purposes of federal income taxation.

**Section 7.15 General.** The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions hereof in accordance with the terms of such provisions.

Upon the date of issuance of Bonds, all conditions, acts and things required by the statutes of the State and hereby to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed.

**Section 7.16 Tax Covenant.** The Corporation covenants that it shall not take any action, or fail to take any action, that would cause the Corporation to either lose its status as an "on behalf of" issuer of municipal obligations for federal income tax purposes or cause interest on the Tax Exempt Bonds to become includable in gross income for federal income tax purposes.

**Section 7.17 Agreement of the City.** Pursuant to the Sale Agreement, the Corporation hereby includes, for the benefit of the Bondholders, that the City shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Bondholders, or (C) impair the rights and remedies of the Bondholders or the security for the Bonds until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Bondholders, are fully paid and discharged

The Corporation hereby acknowledges that the City's pledge and agreement is an important security provision of the Indenture and the Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation hereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

**Section 7.18 Agreement of the State.** In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in any

State Entity by the Act with respect to the disposition of the Sales Tax Revenues so as to impair the terms of the Sale Agreement or this Indenture until all requirements with respect to the deposit by such State Entity of Sales Tax Revenues have been fully paid and discharged. In addition, in the Act the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the Sales Tax Revenues are derived, or the use of the Sales Tax Revenues, so as to impair the terms of the Sale Agreement or this Indenture.

The Corporation hereby acknowledges that the State's pledge and agreement is an important security provision of the Indenture and the Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation hereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

## ARTICLE VIII.

### CONCERNING THE TRUSTEE

**Section 8.01 Appointment and Acceptance of Trustee.** The Trustee, by its execution and delivery of this Indenture, does signify its acceptance of its appointment as and of the duties and obligations of Trustee and Paying Agent imposed upon it hereby.

**Section 8.02 Appointment and Acceptance of Paying Agents.** In addition to the Trustee, the Corporation may appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Indenture authorizing such Bonds or in the manner provided herein or in such Supplemental Indenture or shall appoint such Paying Agent or Paying Agents prior to the authentication and delivery of the Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 8.13 hereof for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereby by written instrument of acceptance deposited with the Corporation and the Trustee.

**Section 8.03 Responsibilities of Trustee and Paying Agents.** The recitals of fact contained herein and in each Supplemental Indenture and in the Bonds shall be taken as the statements of the Corporation and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent makes any representations as to the validity or sufficiency hereof, of any Supplemental Indenture or of any Bonds, or in respect of the security afforded hereby or by each Supplemental Indenture, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee or Paying Agent; or (iii) the application of any money paid to the Corporation or others in accordance herewith and with each Supplemental Indenture except as to the application of any money paid to it in its capacity as Trustee or Paying Agent. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of or failure to perform its duties hereunder and under each

Supplemental Indenture except for its own negligence or willful misconduct; *provided, however*, that neither the Trustee nor any Paying Agent shall be liable for any loss, cost or expense resulting from an action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it hereby or by any Supplemental Indenture.

The duties and obligations of the Trustee and any Paying Agent shall be determined by the express provisions hereof and of each Supplemental Indenture and neither the Trustee nor any Paying Agent shall be liable except for the performance of or failure to perform such duties and obligations as are specifically set forth herein and in each Supplemental Indenture, and no implied covenants or obligations should be read into this Indenture against the Trustee. If any event of default under this Indenture shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

**Section 8.04 Property Held in Trust.** All money and securities conveyed to or held by the Trustee at any time pursuant to the terms hereof and of each Supplemental Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions hereof and of each Supplemental Indenture.

**Section 8.05 Evidence on Which Fiduciaries May Act.** The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel of its selection, who may or may not be of counsel to the Corporation, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder and under any Supplemental Indenture, such matter (unless other evidence in respect thereof be specifically prescribed hereby) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Corporation. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof and of the Supplemental Indenture upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein and in each Supplemental Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof and of any Supplemental Indenture by the Corporation to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.

The Trustee shall not be deemed to have notice of any event of default hereunder unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any

event which is in fact such an event of default is received by the Trustee at the designated corporate trust office of the Trustee and such notice references the Bonds and this Indenture.

The Trustee may request that the Corporation deliver a certificate of an Authorized Officer of the Corporation setting forth the names of individuals and their respective titles of officers authorized at such time to take specified actions pursuant to this Indenture, which certificate may be signed by any person authorized to sign an officer's certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except as may be otherwise agreed upon.

Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Corporation shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such officers, which incumbency certificate shall be amended by the Corporation whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Corporation understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an authorized officer listed on the incumbency certificate provided to the Trustee have been sent by such authorized officer. The Corporation shall be responsible for ensuring that only authorized officers transmit such Instructions to the Trustee and that the Corporation and all authorized officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Corporation;

(iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 8.06 Compensation.** Unless otherwise provided, the Corporation shall pay to the Trustee and to each Paying Agent, from time to time, such compensation as shall be agreed in writing for all services rendered by it hereunder and under the applicable Supplemental Indenture, and also all reasonable expenses, charges, counsel fees and expenses and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties hereunder and under the applicable Supplemental Indenture and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it hereunder and under the applicable Supplemental Indenture (other than the Residual Fund and the Arbitrage Rebate Fund) prior to any of the Bonds for which such services have been rendered. The Corporation shall indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the acceptance, exercise and performance of its powers and duties hereunder and under the applicable Supplemental Indenture and which are not due to its negligence or willful misconduct. None of the provisions contained herein or in any Supplemental Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. The Trustee shall not be required to take any action at the request or direction of a Provider made or given pursuant to Article XI hereof unless and until such Provider shall have indemnified and saved the Trustee harmless against any liabilities and all reasonable expenses, charges, counsel fees and expenses and other disbursements, including those of the Trustee's attorneys, agents and employees, incurred in connection with or as a result of taking the action requested or directed by the Provider to be taken.

The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other person employed to act hereunder.

The provisions of this Section shall survive termination of this Indenture and the resignation and removal of the Trustee.

**Section 8.07 Permitted Acts.** The Trustee may become the owner of or may deal in Bonds as fully and with the same rights as if it were not such Trustee or a Paying Agent. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Corporation or any committee formed to protect the rights of Holders of Bonds or to effect or aid in any reorganization growing out of the enforcement hereof or of the Bonds or any Supplemental Indenture whether or not such committee shall represent the Holders of a majority in principal amount of the Outstanding Bonds in respect of which any such action is taken.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney so appointed.

**Section 8.08 Resignation of Trustee.** The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder and under each Supplemental Indenture by giving not less than sixty (60) days written notice to the Corporation, the City and each Provider. Written notice of such resignation shall be given by the Trustee to the registered owners of the Bonds within ten (10) days after notice is given to the Corporation. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds, at their last known addresses, if any, appearing on the registration books. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as provided in Section 8.10 hereof, in which event such resignation shall take effect immediately on the appointment of such successor; *provided, however*, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to Section 8.10 hereof.

**Section 8.09 Removal of Trustee.** The Trustee, or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Outstanding Bonds, excluding any Bonds held by or for the account of the Corporation, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Corporation. The Trustee, or any successor thereof, may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions hereof or of any Supplemental Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Outstanding Bonds, excluding any Bonds held by or for the account of the Corporation. The Trustee may also be removed without cause at any time, other than during the continuance of an event of default hereunder, by the Corporation, by an instrument in writing signed and acknowledged by an Authorized Officer of the Corporation. No removal hereunder shall take effect until a successor Trustee has been appointed. A copy of each instrument or order providing for the removal of the Trustee, or any successor thereof, shall be delivered by the Corporation to the Trustee or such successor thereof, to the City and to each Provider.

**Section 8.10 Successor Trustee.** In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Corporation shall forthwith appoint a Trustee to act as Trustee and Paying Agent. Copies of any resolution of the Corporation providing for any such appointment shall be delivered by the Corporation to the Trustee so appointed, the predecessor Trustee, to each Provider and to the City. The Corporation shall give notice of any such appointment to each registered owner of a Bond. Such notice shall be sent not later than thirty (30) days after such

appointment, by first class mail, postage prepaid, to each registered owner at its last known address, if any appearing on the registration books of the Corporation.

If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 8.08 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply, at the expense of the Corporation, to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor appointed under the provisions of this Section shall be a bank located in the State having trust powers or a trust company organized under the laws of the State or national banking association located in the State having a capital and surplus aggregating at least \$50,000,000, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required hereby and by each Supplemental Indenture.

**Section 8.11 Transfer of Rights and Property to Successor Trustee.** Any successor appointed under the provisions of Section 8.10 hereof shall execute, acknowledge and deliver to its predecessor, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of its predecessor hereunder and under each Supplemental Indenture, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Corporation or of such successor, and upon payment of all amounts owed to it hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any money or other properties subject to the trusts and conditions set forth herein. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation.

**Section 8.12 Merger or Consolidation of the Trustee.** Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 8.10 hereof, shall be the successor to such Trustee, without any further act, deed or conveyance, *except* that no party or company to which all or substantially all of the Trustee's corporate trust business has been sold or transferred shall be the successor to the Trustee without the written consent of the Corporation.

## ARTICLE IX.

### SUPPLEMENTAL INDENTURES

**Section 9.01 Modification and Amendment without Consent.** Notwithstanding any other provisions of this Article IX or Article X hereof, the Corporation may execute and deliver at any time or from time to time Supplemental Indentures for any one or more of the following purposes, and any such Supplemental Indentures shall become effective in accordance with its terms:

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions hereof and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To provide for the issuance of Subordinated Indebtedness and to prescribe the terms and conditions pursuant to which such Subordinated Indebtedness may be issued, paid or redeemed, the creation of any additional funds and accounts required for the payment or security thereof, and the provision of any additional rights and remedies applicable thereto; provided, however, that in no event shall the provisions of such Supplemental Indenture provide for any additional rights or remedies that are inconsistent with the provisions of this Indenture relating to the first priority security interest granted to the Holders of Bonds and the rights and remedies applicable thereto for so long as any such Bonds remain Outstanding;

(c) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Secured Obligations, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained herein;

(d) To prescribe further limitations and restrictions upon the issuance of Secured Obligations and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(e) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained herein;

(f) To confirm, as further assurance, any pledge hereunder, and the subjection to any lien, claim or pledge created or to be created by the provisions hereof, of the Sales Tax Revenues, or any pledge of any other money, investments thereof or funds;



(g) To modify any of the provisions hereof or any previously adopted Supplemental Indenture to accommodate the issuance of Subordinated Indebtedness provided that such modifications do not materially and adversely affect the rights of any of the Holders of Bonds;

(h) To modify any of the provisions hereof or of any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Secured Obligations of any Series of Secured Obligations Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Secured Obligations issued under such Supplemental Indentures shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture;

(i) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent herewith as theretofore in effect, or to modify any of the provisions hereof or of any previous Supplemental Indenture in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders or holders of Subordinated Indebtedness in any material respect; or

(j) To modify any of the provisions hereof or of any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective unless there has been delivered to the Trustee (i) a Rating Confirmation and (ii) an opinion of Transaction Counsel to the effect that the same is not inconsistent herewith and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation.

**Section 9.02 Supplemental Indentures Effective with Consent of Bondholders.** The provisions hereof may also be modified or amended at any time or from time to time by a Supplemental Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of Article X hereof, such Supplemental Indenture to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

**Section 9.03 General Provisions Relating to Supplemental Indentures.** The Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article IX and Article X hereof. Nothing contained in this Article IX or Article X hereof shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture, act or other instrument pursuant to the provisions of Section 7.04 hereof or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere herein provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture, when filed with the Trustee, shall be accompanied by an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions hereof, is authorized or permitted hereby and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions hereof and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Transaction Counsel that such Supplemental Indenture is authorized or permitted by the provisions hereof.

No Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

The Corporation, as soon as practicable after a Supplemental Indenture changing, amending or modifying any provisions of this Indenture has become effective, shall give written notice thereof to each Rating Service.

## ARTICLE X.

### AMENDMENTS OF INDENTURE

**Section 10.01 Powers of Amendment.** Except as provided in Section 9.01 hereof, any modification or amendment hereof and of the rights and obligations of the Corporation and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as hereinafter provided in Section 10.02 hereof, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however,* that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the amount or date of any Sinking Fund Installment, the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment hereof if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Transaction Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment hereof.

**Section 10.02 Consent of Bondholders.** The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.01 hereof to take effect when and as provided in this Section. Upon the adoption of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer; shall be filed with the Trustee for the inspection of the Holders of Bonds. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved in writing by the Trustee) together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed or distributed by Electronic Means by the Corporation to each affected Holders of Bonds. Such Supplemental Indenture shall not become effective until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in Section 10.01 hereof and (b) an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully executed, delivered and filed by the Corporation in accordance with the provisions hereof, is authorized or permitted

hereby, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this Section provided. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder of such Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders of the required percentages of Bonds shall have filed their consent to the Supplemental Indenture, notice, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to the Bondholders by mailing such notice to Bondholders. The Corporation shall file with the Trustee proof of giving such notice. Such Supplemental Indenture shall be deemed conclusively binding upon the Corporation and the Holders of all Bonds at the expiration of sixty (60) days after the filing with the Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that the Corporation during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

**Section 10.03 Modifications by Unanimous Consent.** The terms and provisions hereof and the rights and obligations of the Corporation and of the Holders of the Bonds may be modified or amended in any respect upon the execution, delivery and filing with the Trustee by the Corporation of a copy of a Supplemental Indenture certified by an Authorized Officer of the Corporation and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 10.02.

**Section 10.04 Mailing.** Any provision in this Article X for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid or distributed by Electronic Means only (i) to each registered owner of Bonds then Outstanding at such person's address, if any, appearing upon the registry books of the Corporation and (ii) to the Trustee.

**Section 10.05 Exclusion of Bonds.** Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or other action provided for herein, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for herein. At the time of any consent or other action taken hereunder, the Corporation shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

**Section 10.06 Notation on Bonds.** Bonds delivered after the effective date of any action taken as provided in Article IX hereof or this Article X may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the designated corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as, in the opinion of the Trustee and the Corporation, conform to such action shall be prepared and delivered,

and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

## ARTICLE XI.

### DEFAULTS AND REMEDIES

**Section 11.01 Events of Default.** An event of default shall exist hereunder and under each Supplemental Indenture (herein called "event of default") if:

(a) Payment of the principal or Redemption Price of any Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bond shall not be made by the Corporation when the same shall become due and payable; or

(c) The Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained herein or in the Bonds or in any Supplemental Indenture on the part of the Corporation to be performed and such default shall continue for ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, unless, if such default is capable of being cured but is not capable of being cured within ninety (90) days, the Corporation has commenced to cure such default within said ninety (90) days and diligently prosecutes the cure thereof; or

(d) The Corporation shall (1) generally not be paying its debts as they become due, (2) commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding by any such official in an involuntary case or other proceeding commenced against it, (3) make a general assignment for the benefit of its creditors, (4) declare a moratorium or (5) take any corporate action to authorize any of the foregoing; or

(e) A trustee in bankruptcy, custodian or receiver for the Corporation or any substantial part of its property shall have been appointed and the same has not been discharged within ninety (90) days after such appointment.

**Section 11.02 No Acceleration With Respect to the Secured Obligations.** There shall be no right of acceleration with respect to the Secured Obligations.

**Section 11.03 Enforcement of Remedies; Limitations.** Upon the happening and continuance of any event of default specified in Section 11.01 hereof, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall proceed (subject to the provisions of Section 8.06 hereof), to protect and enforce its rights and the rights of the Bondholders hereunder or under any Supplemental Indenture or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained hereunder or under any Supplemental Indenture or in aid or execution of any power herein or therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it hereunder, including but not limited to the Sale Agreement, and of its rights and obligations under the Act.

In the enforcement of any remedy hereunder and under each Supplemental Indenture the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Corporation for principal or interest or otherwise under any of the provisions of the Indenture or of any Supplemental Indenture or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under any Supplemental Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided herein, in any Supplemental Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

Anything herein to the contrary notwithstanding, neither the Trustee nor any Bondholder shall have any right in or to any proceeds derived from the issuance of Bonds held in the City Proceeds Account or otherwise paid to the City and no action or proceeding shall be maintained to enforce any claim to any such proceeds. Each Bondholder by purchase of its Bonds waives any right in or to any proceeds derived from the issuance of Bonds held in the City Proceeds Account or otherwise paid to the City or at the direction of the City pursuant to a Direction Letter and the right to maintain any action or proceeding to enforce any claim to any such proceeds.

**Section 11.04 Priority of Payments after Default.** If at any time the money held by the Trustee hereunder and under each Supplemental Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article XI or otherwise, shall be applied (after payment of all amounts owing to the Trustee hereunder) as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest, and, if the amount available shall not be

sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts due on any date, then to the payment thereof ratably, according to the amount of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for application in accordance with the provisions of this Section shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Corporation, to any Holder of Bonds or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Amounts held by the Trustee after payments to be made pursuant to this Section 11.04 have been made and no Bonds are Outstanding shall be paid and applied in accordance with Section 5.06 hereof.

When the Trustee incurs expenses or renders services after the occurrence of an event of default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

**Section 11.05 Termination of Proceedings.** In case any proceedings commenced by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Corporation, the Trustee, each Provider and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.



**Section 11.06 Bondholders' Direction of Proceedings.** Anything herein to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder and under each Supplemental Indenture, provided, such direction shall not be otherwise than in accordance with law and the provisions hereof and of each Supplemental Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

**Section 11.07 Limitation of Rights of Individual Bondholders.** No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted hereby or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts hereof or for any other remedy hereunder and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision hereof, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

**Section 11.08 Actions by Trustee; Possession of Bonds by Trustee Not Required.** All rights of action hereunder or under any of the Bonds secured hereby and thereby, enforceable by the Trustee, may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of the Bonds to which such action relates, subject to the provisions hereof.

**Section 11.09 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**Section 11.10 Waiver and Non-Waiver of Default.** No delay or omission of the Trustee or any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article XI to the Trustee and the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof or before the completion of the enforcement of any other remedy hereunder; *provided, however*, that no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

**Section 11.11 Notice of Event of Default.** The Trustee shall give notice of each event of default hereunder known to the Trustee to the Corporation, the holder of the Residual Certificate and each Provider within ten (10) days after knowledge of the occurrence thereof and to the Holders of Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; *provided, however*, that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds. In the case of the Holders of the Bonds, each such notice of event of default shall be given by the Trustee by mailing written notice thereof to all registered Holders of Bonds, as the names and addresses of such Holders appear on the books for registration and transfer of Bonds as kept by the Trustee.

#### **Section 11.12 Agreement to Subordinate.**

All Subordinated Indebtedness shall be subordinated, to the extent and in the manner provided in this Indenture, to the prior payment of the principal of and interest on the Bonds then due and payable. No Holder of Bonds shall be prejudiced in his right to enforce subordination of the Subordinated Indebtedness by any act or failure to act on the part of the Trustee. All rights and remedies of Subordinated Indebtedness holders will be set forth in the Supplemental Indenture authorizing such Subordinated Indebtedness and shall be subject to the provisions and limitations set forth in this Indenture.

## ARTICLE XII.

### DEFEASANCE

**Section 12.01 Defeasance.** (a) If the Corporation shall pay or cause to be paid to the Holders of Bonds of a Series the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, herein, and in the applicable Supplemental Indenture, then the pledge of the Trust Estate and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Corporation, and all money or investments thereof held by it pursuant hereto and to the applicable Supplemental Indenture which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: First, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; second, to each Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; and, then, the balance thereof to the Corporation. Such money or investments thereof so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created hereby.

(b) Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if:

(i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in Article IV hereof notice of redemption on said date of such Bonds;

(ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient in the judgment of a nationally recognized verification agent to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be;

(iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as

practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; and

(iv) the Corporation shall have delivered to the Trustee an opinion of Transaction Counsel to the effect that said Bonds having been deemed to have been paid as provided in this Section would not (A) cause said Bonds to be considered to have been “reissued” for purposes of Section 1001 of the Code and (B) adversely effect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation.

The Corporation shall give written notice to the Trustee of its selection of the Series and maturity payment of which shall be made in accordance with this Section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this Section in the manner provided in Section 4.04 hereof. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; *provided, however*, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: First, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; second, to each Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; and, then, the balance thereof to the Corporation. The money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created hereby.

(c) Anything herein to the contrary notwithstanding, any money held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money was held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, or one (1)

year after the date when the principal or Redemption Price of or interest on the Bonds for which said money is held was due and payable, shall, at the written request of the Corporation, be repaid by the Trustee or Paying Agent to the Corporation as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Corporation for the payment of such Bonds.

### **ARTICLE XIII.**

#### **EXECUTION OF INSTRUMENTS BY BOND HOLDERS AND PROOF OF OWNERSHIP OF BONDS**

##### **Section 13.01 Evidence of Signatures of Bondholders and Ownership of Bonds.**

Any request, consent or other instrument which the Indenture may require or permit to be signed and executed by a Holder or Holders of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Holder or Holders of Bonds in person or by his or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding or owning by any person of such Bonds, shall be sufficient for any purpose hereof (except as otherwise herein expressly provided) if made in the manner set forth below, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The corporation of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

The ownership of Bonds and the amount, numbers and other identification, and date of holding or owning the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done or omitted to be done by the Corporation or the Trustee in accordance therewith.

## ARTICLE XIV.

### MISCELLANEOUS

**Section 14.01 Preservation and Inspection of Documents.** All documents received by the Trustee from the Corporation or from Bondholders under the provisions hereof or of any Supplemental Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Corporation, the City, any Bondholder and their agents and their representatives, any of whom may make copies thereof; *provided, however*, that with respect to inspection by a Bondholder a written request of such Bondholder must have been received by the Trustee at least five (5) Business Days prior to the date of inspection.

The Trustee shall maintain such records as a Provider shall reasonably request with respect to matters relating to such Provider.

**Section 14.02 Money and Funds Held for Particular Bonds.** The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the Holders of such Bonds entitled thereto, and for the purposes hereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, shall no longer be considered to be unpaid.

**Section 14.03 Cancellation of Bonds.** The Trustee or any Paying Agent shall forthwith cancel all Bonds which have been redeemed or paid by it and shall dispose of such Bonds in accordance with its customary procedures. No such Bonds shall be deemed Outstanding Bonds hereunder and no Bonds shall be issued in lieu thereof.

**Section 14.04 No Recourse under Indenture or on the Bonds.** All covenants, stipulations, promises, agreements and obligations of the Corporation contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claims based thereon, hereon or on the Supplemental Indenture against any member, officer or employee of the Corporation or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

**Section 14.05 Severability of Invalid Provision.** If any one or more of the covenants, stipulations, promises, agreements and obligations provided herein or in any Supplemental Indenture on the part of the Corporation or the Trustee to be performed should be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements or obligation or obligations shall be null and void, shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations

herein contained and shall in no way affect the validity of the other provisions hereof or of such Supplemental Indenture or of the Bonds.

**Section 14.06 Parties of Interest.** Nothing herein or in any Supplemental Indenture adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Corporation, the Trustee, the Paying Agents, each Provider and the Holders of the Bonds any rights, remedies or claims hereunder or by reason hereof or of any Supplemental Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements herein or in any Supplemental Indenture contained by or on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, the Trustee, the Paying Agents, each Provider and the Holders from time to time of the Bonds.

**Section 14.07 Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds.** (a) For the purposes of receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, the then current Accreted Value of such Bond shall be deemed to be its principal amount. In computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Corporation, the City or the Trustee any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, the Accreted Value of such Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision hereof, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

(b) For the purposes of receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. In computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Corporation or the Trustee any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, the Appreciated Value of such Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision hereof, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

**Section 14.08 Notice to Rating Services.** For so long as the Bonds shall remain Outstanding, the Corporation shall give notice to each Rating Service, in the manner notices are required by Section 14.09 hereof to be given, of the following:

- (i) change of Trustee;
- (ii) dissolution, liquidation, consolidation, merger or asset sale other than as provided herein;
- (iii) defeasance, acceleration or redemption; and
- (iv) material changes to the Indenture or the Sale Agreement.

Any such notice given to S&P shall be addressed to S&P Global Ratings, 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, to the attention of the "Municipal Structured Group." Any such notice given to Fitch shall be addressed to \_\_\_\_\_, to the attention of "\_\_\_\_\_." Any such notice given to Kroll shall be addressed to \_\_\_\_\_, to the attention of "\_\_\_\_\_."

**Section 14.09 Notices.** Except as otherwise provided herein, any notices, directions or other instruments required to be given or delivered pursuant hereto or to any Supplemental Indenture shall be in writing and shall be delivered by hand against the written receipt therefor or sent by registered or certified mail addressed: in the case of the Corporation, to it to the attention of the Corporation's Executive Director with a copy to the Corporation's Secretary, at 121 N. LaSalle St., Chicago, IL 60602; in the case of the Trustee, addressed to it at the designated corporate trust office of the Trustee at 2 N. LaSalle Street, Room 700, Chicago, IL 60602; in the case of the City, addressed to it to the attention of the City's Chief Financial Officer, at 121 N. LaSalle St., Room 700, Chicago, IL 60602, with a copy to (i) the City's Corporation Counsel, at 121 N. LaSalle St., Room 600, Chicago, IL 60602, Attn: Finance & Economic Development Division, and (ii) the City's City Comptroller, at 121 N. LaSalle St., Room 700, Chicago, IL 60602; or, in each case, to such other individual and at such other address as the person to be notified shall have specified by notice to the other persons. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

**Section 14.10 Headings.** Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part hereof nor shall they affect its meaning, construction or effect.

**Section 14.11 Governing Laws.** The Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 14.12 Signatures and Counterparts.** This Indenture and each Supplemental Indenture may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.



**IN WITNESS WHEREOF**, the parties hereto have executed this Indenture as of the date first written above.

**SALES TAX SECURITIZATION CORPORATION**

By: \_\_\_\_\_

Name:

Title:

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

By: \_\_\_\_\_

[Name]

[Title]



EXHIBIT B  
FORM OF FIRST SUPPLEMENTAL INDENTURE

**FIRST SUPPLEMENTAL TRUST INDENTURE**

**by and between**

**SALES TAX SECURITIZATION CORPORATION**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee**

\_\_\_\_\_  
*Dated as of \_\_\_\_\_, 2017*  
\_\_\_\_\_

## FIRST SUPPLEMENTAL TRUST INDENTURE

**THIS FIRST SUPPLEMENTAL TRUST INDENTURE**, is entered into as of \_\_\_\_\_, 2017, by and between **SALES TAX SECURITIZATION CORPORATION**, a not for profit corporation incorporated under the General Not For Profit Corporation Act of 1986 of the State of Illinois (the “**Corporation**”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee (the “**Trustee**”), and supplements the Master Trust Indenture, dated as of \_\_\_\_\_, 2017, by and between the Corporation and the Trustee (the “**Master Indenture**”).

### **W I T N E S S E T H:**

**WHEREAS**, the Sales Tax Securitization Corporation has determined that it is desirable at this time to authorize the issuance of \$\_\_\_\_\_ aggregate principal amount of Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Series 2017A and \$\_\_\_\_\_ aggregate principal amount of Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Taxable Series 2017B, the proceeds of which shall be used (i) to purchase from the City of Chicago (the “City”) all of the City’s right, title and interest in and to the Sales Tax Revenues (as hereinafter defined) pursuant to the Sale Agreement (as hereinafter defined), and (ii) to pay the Costs of Issuance of the Series 2017 Bonds. Such funds will be applied by the City to refund all of the City of Chicago Sales Tax Revenue Bonds; and

**WHEREAS**, this First Supplemental Indenture is entered into to supplement the Master Indenture to provide for the issuance of the Series 2017 Bonds on a parity with Outstanding Bonds hereafter issued; and

**WHEREAS**, the Corporation has taken all necessary action to make the Series 2017 Bonds, when authenticated by the Trustee and issued by the Corporation, valid and binding obligations of the Corporation and to constitute this First Supplemental Indenture a valid and binding instrument for the authorization of and security for the Series 2017 Bonds.

**NOW, THEREFORE, WITNESSETH** that the Corporation does covenant and agree with the Trustee and with the respective Bondholders, from time to time of the Outstanding Series 2017 Bonds, as follows:

### **ARTICLE I.**

#### **DEFINITIONS AND AUTHORITY**

**SECTION 1.01. Definitions.** Capitalized terms used herein and not otherwise defined shall have the respective meanings accorded such terms in the Master Indenture. In addition, the following terms shall have the following meanings herein unless the context otherwise requires:

“**Calculation Agent**” has the meaning given to such term in Section 3.11(a) hereof.

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

“**First Supplemental Indenture**” means this First Supplemental Trust Indenture, which supplements and amends the Master Indenture to authorized the issuance of the Series 2017 Bonds.

“**Indenture**” means the Master Indenture as supplemented by Supplemental Indentures.

“**ISIN Number**” means the unique number assigned to each Bond traded within the Euroclear System and Clearstream, Luxembourg, from and after the date upon which such trading commences.

“**Make Whole Period**” means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year consisting of twelve 30-day months, between the redemption date and the remaining weighted average life of each Series 2017B Bond to be redeemed.

“**Master Indenture**” shall have the meaning set forth in the first paragraph of this First Supplemental Indenture.

“**Offering Circular**” means the Offering Circular of the Corporation, dated \_\_\_\_\_, 2017, relating to the Series 2017 Bonds.

“**Sale Agreement**” means the Assignment, Purchase and Sale Agreement, dated as of \_\_\_\_\_ 1, 2017, by and among the City, the Corporation and the Trustee.

“**Series 2017 Bonds**” means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

“**Series 2017A Bonds**” means the Corporation’s Sales Tax Securitization Bonds, Series 2017A of the Corporation authorized by this First Supplemental Indenture.

“**Series 2017B Bonds**” means the Corporation’s Sales Tax Securitization Bonds, Taxable Series 2017B of the Corporation authorized by this First Supplemental Indenture.

“**Treasury Rate**” means, as of any redemption date for a Series 2017B Bond, the time-weighted interpolated average yield for a term equal to the Make Whole Period of the yields of the two U.S. Treasury nominal securities at “constant maturity” (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two (2) Business Days (as defined below) nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) maturing immediately preceding and succeeding the Make Whole Period. The Treasury Rate will be determined by the Calculation Agent or an independent accounting firm, investment banking firm, or financial advisor retained and compensated by the Corporation at as a Corporation Expense.

**SECTION 1.02. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in the Supplemental Indenture, refer to this First Supplemental Indenture.

**ARTICLE II.**

**THE SERIES 2017A BONDS**

**SECTION 2.01. Authorization, Designation and Series.** The Series 2017A Bonds are hereby authorized to be issued in an aggregate principal amount of \$\_\_\_\_\_. The Series 2017A Bonds are issued under and secured by the Indenture. Such Series of Bonds shall be designated “Sales Tax Securitization Bonds, Series 2017A”.

**SECTION 2.02. Purposes.** The purposes for which the Series 2017A Bonds are issued are (i) to pay to, or upon the direction of, the City in accordance with Section 5.03 of the Master Indenture money to provide for the payment of the Sales Tax Revenues, and (ii) to pay the Costs of Issuance of the Series 2017A Bonds.

**SECTION 2.03. Maturity Dates, Principal Amounts and Interest Rates.** The Series 2017A Bonds shall bear interest at such rates and shall mature (subject to the right of prior redemption as hereinafter set forth) on January 1 of each year and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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**SECTION 2.04. Interest Payments.** The Series 2017A Bonds shall bear interest from their dates, payable semiannually on the January 1 and July 1 of each year, commencing on July 1, 2018, at the rates provided above. If the date for payment shall be other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

**SECTION 2.05. Serial Bonds and Term Bonds.** The Series 2017A Bonds maturing on and prior to January 1, \_\_\_\_ shall be Serial Bonds and the Series 2017A Bonds maturing on January 1, \_\_\_\_ and January 1, \_\_\_\_ shall be Term Bonds.

**SECTION 2.06. Form, Denominations, Numbers and Letters.** The Series 2017A Bonds shall be issued as fully registered Bonds. The Series 2017A Bonds shall be issued in authorized denominations of \$5,000 or an integral multiple thereof.

Unless the Corporation shall otherwise direct, the Series 2017A Bonds shall be numbered and lettered “17AR-”, followed by the number of the Bond. The Series 2017A Bonds shall be numbered consecutively from one upward.

**SECTION 2.07. Dating of Series 2017A Bonds.** The Series 2017A Bonds issued prior to the first interest payment date shall be dated their date of delivery. Each Series 2017A Bond issued on or after the first interest payment date shall be dated as provided in Section 3.01 of the Master Indenture.

**SECTION 2.08. Place of Payment.** The Series 2017A Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Series 2017A Bonds will be payable by the Trustee as provided in Section 3.01 of the Master Indenture.

**SECTION 2.09. Record Date.** The Record Date for the Series 2017A Bonds shall be the last day (whether or not a Business Day) of the calendar month next preceding an Interest Payment Date.

**SECTION 2.10. Paying Agent.** The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, is hereby appointed Paying Agent for the Series 2017A Bonds, such appointment to be effective immediately upon the filing of this Supplemental Indenture with the Trustee.

**SECTION 2.11. Redemption Prices and Terms.** The Series 2017A Bonds shall be subject to redemption prior to maturity as provided in this Section 2.11.

(a) *Optional Redemption.* The Series 2017A Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an Authorized Denomination) on any date on or after January 1, \_\_\_\_ at a Redemption Price of par plus any accrued interest thereon to the date fixed for redemption.



(b) Mandatory Redemption. The Series 2017A Bonds maturing on January 1, \_\_\_\_ and January 1, \_\_\_\_ shall be subject to redemption, in part, through application of Sinking Fund Installments beginning on January 1, \_\_\_\_ and January 1, \_\_\_\_, respectively, as herein provided, upon notice given as prescribed in Article IV of the Master Indenture, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 2017A Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 2017A Bonds of a maturity to be so redeemed shall then be Outstanding and, subject to the provisions of Section 5.07(c) of the Master Indenture and of this Section 2.11(b) permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 2017A Bonds maturing on January 1 of the years set forth below on January 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such Series 2017A Bonds:

\$ \_\_\_\_\_  
Series 2017A Bonds  
Maturing January 1, \_\_\_\_\_

\$ \_\_\_\_\_  
Series 2017A Bonds  
Maturing January 1, \_\_\_\_\_

(c) Credit Against Sinking Fund Installments. There shall be credited against and in satisfaction of the Sinking Fund Installment payable on any date the principal amount of Series 2017A Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to Section 5.07(c) of the Master Indenture, (B) redeemed at the option of the Corporation pursuant to paragraph (b) of this Section, (C) purchased by the City or the Corporation and delivered to the Trustee for cancellation and (D) deemed to have been paid in accordance with Section 12.01 of the Master Indenture. Series 2017A Bonds purchased pursuant to Section 5.07(c) of the Master Indenture shall be applied in satisfaction of a Sinking Fund Installment in accordance with such Section. Series 2017A Bonds redeemed at the option of the Corporation, purchased by the Corporation or the City (other than pursuant to Section 5.07(c) of the Master Indenture) or deemed to have been paid in accordance with Section 12.01 of the Master Indenture shall be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Corporation shall specify in a written direction of the Corporation delivered to the Trustee at least twenty (20) days prior to the earliest date on which notice of redemption of the Series 2017A Bonds entitled to such Sinking Fund

Installment may be given by the Trustee and the Sinking Fund Installment payable on each date specified in such direction shall be reduced by the principal amount of the Series 2017A Bonds so purchased, redeemed or deemed to have been paid in accordance with Section 12.01 of the Master Indenture to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction.

**SECTION 2.12. Form of Bonds and Certificate of Authentication.** Subject to the provisions of the Master Indenture, the form of the Series 2017A Bonds and of the Trustee’s Certificate of Authentication shall be substantially in the form annexed hereto as Exhibit A.

**SECTION 2.13. Book Entry Bond Procedures.** Notwithstanding any other provision of this First Supplemental Indenture to the contrary, so long as any Series 2017A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal, Redemption Price or Purchase Price of and interest on such Series 2017A Bond, and all deliveries to be made and notices to be delivered with respect to such Series 2017A Bond, shall be made and given pursuant to DTC’s rules and procedures then in effect.

### ARTICLE III.

#### THE SERIES 2017B BONDS

**SECTION 3.01. Authorization, Designation and Series.** The Series 2017B Bonds are hereby authorized to be issued in an aggregate principal amount of \$\_\_\_\_\_. The Series 2017B Bonds are issued under and secured by the Indenture. Such Series of Bonds shall be designated “Sales Tax Securitization Bonds, Taxable Series 2017B”.

**SECTION 3.02. Purposes.** The purposes for which the Series 2017B Bonds are issued are (i) to pay to, or upon the direction of, the City in accordance with Section 5.03 of the Master Indenture money to provide for the payment of the Sales Tax Revenues, and (ii) to pay the Costs of Issuance of the Series 2017B Bonds.

**SECTION 3.03. Maturity Dates, Principal Amounts and Interest Rates.** The Series 2017B Bonds shall bear interest at such rates and shall mature (subject to the right of prior redemption as hereinafter set forth) on January 1 of each year and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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**SECTION 3.04. Interest Payments.** The Series 2017B Bonds shall bear interest from their dates, payable semiannually on the January 1 and July 1 of each year, commencing on July 1, 2018, at the rates provided above. If the date for payment shall be other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

**SECTION 3.05. Serial Bonds and Term Bonds.** The Series 2017B Bonds maturing on and prior to January 1, \_\_\_\_ shall be Serial Bonds and the Series 2017B Bonds maturing on January 1, \_\_\_\_ and January 1, \_\_\_\_ shall be Term Bonds.

**SECTION 3.06. Form, Denominations, Numbers and Letters.** The Series 2017B Bonds shall be issued as fully registered Bonds. The Series 2017B Bonds shall be issued in authorized denominations of \$5,000 or an integral multiple thereof.

Unless the Corporation shall otherwise direct, the Series 2017B Bonds shall be numbered and lettered "17BR-", followed by the number of the Bond. The Series 2017B Bonds shall be numbered consecutively from one upward.

**SECTION 3.07. Dating of Series 2017B Bonds.** The Series 2017B Bonds issued prior to the first interest payment date shall be dated their date of delivery. Each Series 2017B Bond issued on or after the first interest payment date shall be dated as provided in Section 3.01 of the Master Indenture.

**SECTION 3.08. Place of Payment.** The Series 2017B Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Series 2017B Bonds will be payable by the Trustee as provided in Section 3.01 of the Master Indenture.

**SECTION 3.09. Record Date.** The Record Date for the Series 2017B Bonds shall be the last day (whether or not a Business Day) of the calendar month next preceding an Interest Payment Date.

**SECTION 3.10. Paying Agent.** The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, is hereby appointed Paying Agent for the Series 2017B Bonds, such appointment to be effective immediately upon the filing of this Supplemental Indenture with the Trustee.

**SECTION 3.11. Redemption Prices and Terms.** The Series 2017B Bonds shall be subject to redemption prior to maturity as provided in this Section 3.11.

(a) *Make Whole Optional Redemption.* The Series 2017B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, on any date, in whole or in part, and if in part from such maturities and interest rates as shall be determined by the Corporation on any Business Day (as defined below) at a redemption price equal to the greater of: (A) the principal amount of such Series 2017B Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such

Series 2017B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such Series 2017B Bonds are to be redeemed, discounted to the date of redemption of such Series 2017B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus \_\_\_ basis points plus accrued interest on such Series 2017B Bonds being redeemed to the date fixed for redemption. For purposes of this Section 3.11(a), “Business Day” means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the Trustee maintains its designated office are required or authorized to close.

The make whole optional redemption price of any Series 2017B Bond to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “Calculation Agent”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the make whole optional redemption price and will not be liable for such reliance. The Corporation shall confirm and transmit the redemption price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

(b) *Mandatory Redemption.* The Series 2017B Bonds maturing on January 1, \_\_\_\_, January 1, \_\_\_\_ and January 1, \_\_\_\_ shall be subject to redemption, in part, through application of Sinking Fund Installments beginning on January 1, \_\_\_\_ and January 1, \_\_\_\_, respectively, as herein provided, upon notice given as prescribed in Article IV of the Master Indenture, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 2017B Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 2017B Bonds of a maturity to be so redeemed shall then be Outstanding and, subject to the provisions of Section 5.07(c) of the Master Indenture and of this Section 3.11(b) permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 2017B Bonds maturing on January 1 of the years set forth below on January 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such Series 2017B Bonds:

\$ \_\_\_\_\_  
Series 2017B Bonds  
Maturing January 1, \_\_\_\_\_

\$ \_\_\_\_\_  
Series 2017B Bonds  
Maturing January 1, \_\_\_\_\_

(c) Credit Against Sinking Fund Installments. There shall be credited against and in satisfaction of the Sinking Fund Installment payable on any date the principal amount of Series 2017B Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to Section 5.07(c) of the Master Indenture, (B) redeemed at the option of the Corporation pursuant to paragraph (b) of this Section, (C) purchased by the City or the Corporation and delivered to the Trustee for cancellation and (D) deemed to have been paid in accordance with Section 12.01 of the Master Indenture. Series 2017B Bonds purchased pursuant to Section 5.07(c) of the Master Indenture shall be applied in satisfaction of a Sinking Fund Installment in accordance with such Section. Series 2017B Bonds redeemed at the option of the Corporation, purchased by the Corporation or the City (other than pursuant to Section 5.07(c) of the Master Indenture) or deemed to have been paid in accordance with Section 12.01 of the Master Indenture shall be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Corporation shall specify in a written direction of the Corporation delivered to the Trustee at least twenty (20) days prior to the earliest date on which notice of redemption of the Series 2017B Bonds entitled to such Sinking Fund Installment may be given by the Trustee and the Sinking Fund Installment payable on each date specified in such direction shall be reduced by the principal amount of the Series 2017B Bonds so purchased, redeemed or deemed to have been paid in accordance with Section 12.01 of the Master Indenture to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction.

**SECTION 3.12. Form of Bonds and Certificate of Authentication.** Subject to the provisions of the Master Indenture, the form of the Series 2017B Bonds and of the Trustee's Certificate of Authentication shall be substantially in the form annexed hereto as Exhibit A.

**SECTION 3.13. Book Entry Bond Procedures.** Notwithstanding any other provision of this First Supplemental Indenture to the contrary, so long as any Series 2017B Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal, Redemption Price or Purchase Price of and interest on such Series 2017B Bond, and all deliveries to be made and notices to be delivered with respect to such Series 2017B Bond, shall be made and given pursuant to DTC's rules and procedures then in effect.

**SECTION 3.14. CUSIP and ISIN Numbers.** In addition to CUSIP numbers as required by Section 3.03 of the Master Indenture, the Corporation shall provide for the assignment of ISIN Numbers for each Series 2017B Bond and cause such ISIN Numbers to be printed thereon and the Trustee shall use such numbers, together with the CUSIP numbers, in notices of redemption and on all checks payable to Holders of Series 2017B Bonds as a convenience to such Holders; *provided, however*, that any such notice shall state that no representation is made as to the correctness of such CUSIP Number or ISIN Number either as printed on such Series 2017B Bond or as contained in any notice of redemption, and that an error in a CUSIP number or ISIN Number as printed on such Series 2017B Bond or as contained in any notice of redemption shall not affect the validity of the proceedings for redemption. Neither the Corporation nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number or ISIN Number as it appears on any Series 2017B Bond or in any notice of redemption. The

Corporation shall promptly notify the Trustee of any change in the CUSIP numbers or ISIN Numbers assigned to any Series 2017B Bond of which the Corporation has knowledge.

#### ARTICLE IV.

##### DEPOSITS TO FUNDS AND ACCOUNTS

**SECTION 4.01. Application of Proceeds.** Pursuant to Section 5.03 of the Master Indenture, the Corporation hereby directs that the proceeds of the Series 2017 Bonds be applied as follows:

- (a) \$\_\_\_\_\_ shall be deposited in the Costs of Issuance Account of the Proceeds Fund; and
- (b) \$\_\_\_\_\_ shall be deposited in the City Proceeds Account of the Proceeds Fund, to be paid to or upon the direction of the City.

#### ARTICLE V.

##### SPECIAL COVENANTS

**SECTION 5.01. Tax Covenant.** (a) *Tax Compliance.* In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Series 2017A Bonds, the Corporation shall comply with the provisions of the Code applicable to the Series 2017A Bonds necessary to maintain such exclusion, including without limitation the provisions of the Code which prescribe yield and other limits within which proceeds of the Series 2017A Bonds are to be invested, and which, in certain circumstances, require the rebate of certain earnings on such amounts to the Department of the Treasury of the United States of America in accordance with Section 148(f) of the Code. In furtherance of the foregoing, the Corporation shall comply with the tax certificate relating to the Series 2017A Bonds.

(b) *No Arbitrage Covenant.* The Corporation shall not take any action or fail to take any action which would cause the Series 2017A Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of Series 2017A Bonds or any other funds of the Corporation be used directly or indirectly to acquire any investment property the acquisition of which would cause any Series 2017A Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(c) *No Private Use or Private Loans.* The Corporation shall not use any part of the proceeds of the Series 2017A Bonds in a manner which would cause such Series 2017A Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code.

(d) *Survival.* Notwithstanding any provision of this First Supplemental Indenture to the contrary, the obligation of the Corporation to comply with the requirements of this Section shall survive the payment, redemption or defeasance of any and all Series 2017A Bonds.

**SECTION 5.02. Agreement of the City.** Pursuant to the Sale Agreement, the Corporation hereby includes, for the benefit of the Bondholders, that the City shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Bondholders, or (C) impair the rights and remedies of the Bondholders or the security for the Series 2017 Bonds until the Series 2017 Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Bondholders, are fully paid and discharged.

The Corporation hereby acknowledges that the City's pledge and agreement is an important security provision of the Master Indenture and the Series 2017 Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation hereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

**SECTION 5.03. Agreement of the State.** In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in any State Entity by the Act with respect to the disposition of the Sales Tax Revenues so as to impair the terms of the Sale Agreement or the Master Indenture until all requirements with respect to the deposit by such State Entity of Sales Tax Revenues have been fully paid and discharged. In addition, in the Act the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the Sales Tax Revenues are derived, or the use of the Sales Tax Revenues, so as to impair the terms of the Sale Agreement or the Master Indenture.

The Corporation hereby acknowledges that the State's pledge and agreement is an important security provision of the Master Indenture and the Series 2017 Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation hereby waives any right to assert any claim to the contrary and agrees that it will neither, directly or indirectly, assert nor support any assertion or claim made by or on behalf of the State, or by any other person, to the contrary.

## **ARTICLE VI.**

### **MISCELLANEOUS**

**SECTION 6.01. Limitation of Rights.** Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Corporation, the Trustee, the Paying Agent, if any, and the registered owners of the Series 2017 Bonds, any right, remedy or claim under or by reason hereof or of the Master Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Supplemental Indenture or the Master Indenture contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, the Trustee, the Paying Agent, if any, and the registered owners of the Series 2017 Bonds.

**SECTION 6.02. Successors and Assigns.** This First Supplemental Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

**SECTION 6.03. Severability.** If any provision of this First Supplemental Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**SECTION 6.04. Applicable Law.** This First Supplemental Indenture shall be governed by the applicable laws of the State of Illinois.

**SECTION 6.05. Counterparts.** This First Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

**SECTION 6.06. Amendments and Supplements.** This First Supplemental Indenture may be amended or supplemented in accordance with the provisions of Articles IX and X of the Master Indenture.



**IN WITNESS WHEREOF**, the Corporation and the Trustee have caused this First Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**SALES TAX SECURITIZATION  
CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A  
FORM OF SERIES 2017A BONDS

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EXHIBIT C  
FORM OF BOND PURCHASE AGREEMENT

**BOND PURCHASE AGREEMENT**

\$ \_\_\_\_\_  
**SALES TAX SECURITIZATION CORPORATION**  
**Sales Tax Securitization Bonds,**  
\$ \_\_\_\_\_ **Series 2017A**      \$ \_\_\_\_\_ **Taxable Series 2017B**

\_\_\_\_\_, 2017

Sales Tax Securitization Corporation  
121 North LaSalle Street  
Chicago, Illinois 60602  
Attention: Chair of the Board of Directors

Ladies and Gentlemen:

The undersigned, Jefferies LLC (the “Representative”), on behalf of itself and the other underwriters, listed below, (collectively, the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement (the “Agreement”) with the Sales Tax Securitization Corporation, a not for profit corporation duly organized and existing under the laws of the State of Illinois (the “Corporation”), for the purchase by the Underwriters of all but not less than all of \$ \_\_\_\_\_ in aggregate principal amount of the Corporation’s Sales Tax Securitization Bonds, Series 2017A (the “Series 2017A Bonds”) and \$ \_\_\_\_\_ in aggregate principal amount of the Corporation’s Sales Tax Securitization Bonds, Taxable Series 2017B (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), subject to the terms of a Master Trust Indenture, dated as of \_\_\_\_\_, 2017 (the “Master Indenture”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Trust Indenture, dated as of \_\_\_\_\_, 2017 (the “First Supplemental Indenture”), by and between the Corporation and Trustee with respect to the Series 2017A Bonds, and as supplemented by the Second Supplemental Trust Indenture, dated as of \_\_\_\_\_, 2017 (the “Second Supplemental Indenture”), by and between the Corporation and Trustee with respect to the Series 2017B Bonds, and collectively with First Supplemental Indenture and the Master Indenture, the “Indenture”.

This offer is made subject to the acceptance by the Corporation, evidenced by the signature of a duly Authorized Officer of the Corporation in the space provided below, on or before 5:00 P.M., Chicago time on the date hereof, and upon such acceptance this Agreement shall be in full force and effect in accordance with its terms and shall be binding on the Corporation and the Underwriters.

The Representative is authorized, and hereby represents and warrants that it is authorized, to act as Representative of the Underwriters and to execute this Agreement and has full authority to take such action as it may deem advisable with respect to all matters pertaining to this Agreement. Each Underwriter hereby severally represents to the

Corporation that it is registered and in good standing under the Securities Exchange Act of 1934, as amended (the “1934 Act”), as a municipal securities dealer.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Preliminary Offering Circular, as defined herein.

1. Agreement to Sell and Purchase.

(a) The Underwriters, jointly and severally, hereby agree to purchase the Series 2017 Bonds at a price equal to \$\_\_\_\_\_ (which represents the aggregate principal amount of the Series 2017 Bonds, [plus/less] a [net] original issue [premium/discount] of \$\_\_\_\_\_ and less an underwriters’ discount of \$\_\_\_\_\_).

(b) It shall be a condition to the Corporation’s obligations hereunder that all the Series 2017 Bonds be purchased and paid for by the Underwriters at the Closing (as defined in Section 7 hereof) and a condition to the Underwriters’ obligation to purchase and pay for the Series 2017 Bonds that all Series 2017 Bonds be issued and delivered by the Corporation at the Closing.

2. The Resolution. The Series 2017 Bonds are authorized by a resolution of the Corporation adopted by the Board of Directors of the Corporation (the “Board”) on October \_\_\_, 2017 (the “Resolution”), and the Indenture and will be issued and secured as provided thereunder. The Series 2017 Bonds will mature, bear interest and have such other terms and conditions as are set forth on Schedule I hereto.

3. The Preliminary Offering Circular. Attached hereto as Exhibit A is a copy of the Preliminary Offering Circular of the Corporation, dated October \_\_\_, 2017, relating to the Series 2017 Bonds (the “Preliminary Offering Circular”). For purposes of Rule 15c2-12 (“Rule 15c2-12”) adopted by the Securities and Exchange Commission (the “SEC”) under the 1934 Act, the Preliminary Offering Circular is “deemed final” by the Corporation as of its date except for the omission of such information as is permitted by Rule 15c2-12(b)(1).

4. Establishment of Issue Price. [FINALIZATION OF THIS SECTION SUBJECT TO FINAL PRICING.]

(a) [The Representative, on behalf of the Underwriters, agrees to assist the Corporation in establishing the issue price of the Series 2017 Bonds as described herein and shall execute and deliver to the Corporation at Closing an “issue price” or similar certificate, together with supporting pricing wires or equivalent communications, in a form satisfactory to Transaction Counsel, which certificate shall be substantially in the form attached hereto as Exhibit B, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgement of the Representative, the Corporation and Transaction Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2017 Bonds. The Underwriters acknowledge that the Corporation and Transaction Counsel will rely on such certificate and that such reliance is material to the Corporation in entering into this Agreement and in connection with the delivery of the Series 2017 Bonds. [The following

requirements apply to all Underwriters, including Underwriters awarded maturities through a sealed bid process.]

(b) The Representative understands that the Corporation will treat the first price at which 10% of each maturity of the Series 2017 Bonds (the “10% test”) is sold to the public as of the Sale Date as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test) (the “10% Test Maturities”). The Representative, on behalf of the Underwriters, certifies that Series 2017 Bonds that meet the 10% test as of the Sale Date are indicated on Schedule II attached hereto. The Underwriters will sell the 10% Test Maturities to the public immediately upon execution of this Agreement, and the Representative shall immediately confirm to the Corporation that the first price at which the Underwriters have sold to the public such 10% of each maturity of the Series 2017 Bonds as of the Sale Date is the price indicated on Schedule II. Such confirmation shall be provided by the Representative prior to the close of business on the Sale Date.

(c) The Representative understands that maturities of the Series 2017 Bonds that do not meet the 10% test as of the Sale Date as described above will be treated as “Hold the Offering Price Maturities” and that the Corporation will establish the issue price of such maturities based on the reasonably expected offering price to the public. The Representative certifies that the maturities that constitute such “Hold the Offering Price Maturities” are as indicated in Schedule II attached hereto. The Representative confirms that the Underwriters have offered the Series 2017 Bonds to the public on or before the date of this Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule II, except as otherwise set forth therein. The Corporation and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”) to the Hold the Offering Price Maturities indicated on Schedule II. So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2017 Bonds, the Underwriters and any related party will neither offer nor sell unsold Series 2017 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2017 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Corporation when the Underwriters have sold 10% of that maturity of the Series 2017 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

The Corporation acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to



comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2017 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2017 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

(d) The Representative confirms that:

- (1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2017 Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Series 2017 Bonds of that maturity or all Series 2017 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and
- (2) any agreement among underwriters relating to the initial sale of the Series 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2017 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2017 Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Series 2017 Bonds of that maturity or all Series 2017 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Series 2017 Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Corporation (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2017 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2017 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2017 Bonds to the public),
- (iii) a purchaser of any of the Series 2017 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Agreement by all parties.]

5. The Offering Circular.

(a) The Corporation shall provide, or cause to be provided, at its expense, to the Underwriters no later than the **earlier of** (i) seven (7) business days after the date of this Agreement or (ii) the Closing, three (3) copies of the Offering Circular of the Corporation, dated the date hereof, relating to the Series 2017 Bonds (the “Offering Circular”), signed on behalf of the Corporation by the Authorized Officer and the Offering Circular so delivered shall be “final” for purposes of Rule 15c2-12. Such delivery of the Offering Circular shall occur in sufficient time to accompany any confirmation that requests payment from any customer and in sufficient quantity to comply with Section (b)(4) of the Rule and the rules of the SEC and the Municipal Securities Rulemaking Board (the “MSRB”).

(b) If on or prior to the Closing or within twenty-five (25) days after the “end of the underwriting period” (as hereinafter defined) any event known to the Corporation relating to or affecting the Corporation, the Resolution or the Series 2017 Bonds, shall occur which would cause the Offering Circular to contain any untrue statement of a material fact or to omit a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the Corporation will promptly notify the Representative in writing of the circumstances and details of such event. If, as a result of such event, it is necessary, in the joint opinion of the Corporation and the Representative to amend or supplement the Offering Circular so that it does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, the Corporation will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or a supplement to, such Offering Circular in form and substance satisfactory to the Corporation and the Representative, at the Corporation’s sole cost and expense, which will so amend or supplement such Offering Circular so that, as amended or supplemented, the Offering Circular will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. For purposes of this Agreement, the term “end of the underwriting period” shall mean the **later of** the date of Closing or the date on which the Underwriters no longer retain an unsold balance of the Series 2017 Bonds for sale to the public. The Underwriters agree that the date on which the end of the underwriting period shall occur shall be the date of the Closing, unless the Underwriters otherwise notify the Corporation in writing prior to twenty-five (25) days after the date of the Closing that, to the best of its knowledge, the Underwriters retain for sale to the public an unsold balance of the Series 2017 Bonds, in which case the end of the underwriting period shall be extended for additional periods of 30 days upon receipt of additional written notification from the Underwriters that, to the best of their knowledge, there exists an unsold balance of the Series 2017 Bonds, but in no event shall the end of the underwriting period be extended longer than sixty (60) days after the date of Closing.

The Offering Circular shall be provided for distribution, at the expense of the Corporation, in such quantity as may be requested by the Underwriters as set forth above in order to permit the Underwriters to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Offering Circular. The Corporation shall prepare the Offering Circular, including any amendments thereto, in word-searchable PDF format as described in the MSRB Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Offering Circular to the Underwriters no later than the date required under Section 5(a) hereof, to enable the Underwriters to comply with MSRB Rule G-32.

(c) At or prior to the Closing, the Representative shall file, or cause to be filed, the Offering Circular with the MSRB in compliance with the rules of the SEC and the MSRB. Promptly after the date after which the Underwriters are no longer obligated under Rule 15c2-12(b)(4) to deliver to potential customers the Offering Circular, the Representative shall notify the Corporation of such date.

6. Representations, Warranties and Covenants of the Corporation. The Corporation represents and warrants to the Underwriters as of the date hereof that:

(a) The Corporation is a not for profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois (the “State”).

(b) The Corporation has: (i) duly adopted the Resolution, which remains in full force and effect; (ii) duly authorized the use of the Preliminary Offering Circular prior to the date hereof in connection with the public offering and sale of the Series 2017 Bonds and duly authorized the execution, delivery and distribution of the Offering Circular in connection with the public offering and sale of the Series 2017 Bonds; and (iii) duly authorized and approved the execution and delivery of the Series 2017 Bonds, the Indenture, the Sale Agreement (as defined herein), this Agreement and a continuing disclosure undertaking pursuant to the provisions of Section (b)(5) of Rule 15c2-12 (the “Undertaking”).

(c) The Corporation has not failed during the previous five (5) years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(d) The Corporation has full legal right, power and authority to: (i) adopt the Resolution; (ii) execute, deliver and perform its obligations under this Agreement, the Undertaking, the Offering Circular and the Indenture; (iii) to execute, deliver and perform its obligations under the Assignment, Purchase and Sale Agreement (the “Sale Agreement”) dated the date of Closing, by and between the Corporation and City of Chicago (the “City”) assigning the City’s Sales Tax Revenues to the Corporation; (iv) issue and cause delivery of the Series 2017 Bonds to the Underwriters pursuant to the Resolution and the Indenture and as provided in this Agreement; and (v) pay the principal of, premium, if any, and interest on the Series 2017 Bonds from the sources pledged under the Resolution and Indenture for their payment.

(e) The adoption of the Resolution and compliance with the provisions thereof do not, and the execution and delivery of this Agreement, the Undertaking, the Indenture, the Sale Agreement and the Offering Circular, will not, in any material manner, violate any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States of America (the “United States”) or of any department, division, agency or instrumentality thereof, or any applicable judgment or decree to which the Corporation is subject, or conflict with, in a material manner, or constitute a material breach of, or a material default under, any resolution, agreement or other instrument to which the Corporation is a party or is otherwise bound.

(f) All approvals, consents and orders of, and filings (except, if any, under applicable state “blue sky” laws) with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Corporation of its obligations under this Agreement, the Undertaking, the Resolution, the Indenture, the Sale Agreement and the Series 2017 Bonds have been obtained or made.

(g) The Offering Circular (excluding any description of The Depository Trust Company (“DTC”), information under the captions “RATINGS,” “UNDERWRITING,” “TAX MATTERS” and APPENDIX B — PROPOSED FORM OF OPINION OF TRANSACTION COUNSEL and information furnished by the Underwriters for use in the Offering Circular) as of its date does not, and at the Closing will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any material respect.

(h) The Resolution, this Agreement, the Undertaking, the Sale Agreement and the Indenture, when duly executed and delivered by the parties thereto, as appropriate, will constitute legal, valid and binding obligations of the Corporation enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies and the availability of equitable remedies generally).

(i) When delivered to the Representative, and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Series 2017 Bonds will be duly authorized, executed and delivered and will constitute legal, valid and binding obligations of the Corporation enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies and the availability of equitable remedies generally).

(j) Except as disclosed in the Offering Circular, there is no action, suit or proceeding, at law or in equity, or before or by a court, public board or body, pending or, to the Corporation’s knowledge, threatened, against the Corporation wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the validity or enforceability of the Series 2017 Bonds, the Resolution, this Agreement, the Sale Agreement or the Undertaking; or (ii) the excludability from federal income taxation of the interest on the Series 2017A Bonds under the Internal Revenue Code of 1986, as amended (the “Code”).

(k) The Corporation has not taken, or omitted taking, and will not take or omit to take, any action, which action or omission would adversely affect the excludability from federal income taxation of the interest on the Series 2017A Bonds under the Code.

(l) Any certificate signed by any Authorized Officer of the Corporation and delivered to the Representative at the Closing in connection with the sale of the Series 2017 Bonds shall be deemed to be a representation and warranty by the Corporation to the Underwriters as to the statements made therein as of the date so delivered.

(m) The Corporation will make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Series 2017 Bonds for offering and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate in writing; provided, however, that nothing in this Section 6(o) shall require the Corporation to consent to general service of process in any state or jurisdiction other than the State.

(n) The Corporation acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Corporation and the Underwriters in which the Underwriters are acting solely as a principal and not acting as a municipal advisor, financial advisor or fiduciary to the Corporation; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Corporation with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the Corporation on other matters); (iii) the Underwriters have financial and other interests that differ from those of the Corporation; and (iv) the Corporation has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

(o) [Provision re: Use of Bond Proceeds]

7. Closing. Subject to the conditions set forth in this Agreement, the closing (the "Closing") shall take place at approximately 11:00 a.m., Chicago time, on \_\_\_\_\_, 2017, at the offices of Nixon Peabody LLP ("Bond Counsel"), 70 West Madison, Suite 3500, Chicago, Illinois 60602 (or at such other time, date and place as the Corporation and the Representative mutually agree).

(a) At the Closing, the Corporation shall deliver or cause to be delivered to DTC, as securities depository, for the account of the Underwriters one fully registered certificate for each series, interest rate and maturity of the Series 2017 Bonds in the aggregate principal amount thereof, registered in the name of Cede & Co., as nominee for DTC.

(b) Upon delivery of the Series 2017 Bonds to the Representative at the Closing, the Corporation will deliver to the Representative the closing documents as set forth in Section 10 hereof.

(c) The Representative will accept delivery of the Series 2017 Bonds and pay the purchase price therefor at the Closing by delivering federal funds checks or making federal funds wire transfers or otherwise confirming deposits of same day funds, to the Trustee as provided in the Indenture, in an aggregate amount equal to the purchase price of the Series 2017 Bonds pursuant to Section 1 hereof.

8. Reliance and Further Conditions of the Underwriters. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Corporation and the performance by the Corporation of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters' obligations under this Agreement are and shall be subject to the following further condition that at the time of the Closing, the Resolution, the Undertaking, the Indenture, the Sale Agreement and this Agreement shall be in full force and effect and the Resolution and the Offering Circular shall not have been amended, modified or supplemented except as may have been agreed to with respect to the Offering Circular pursuant to Section 5 hereof, and the Corporation shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel shall be necessary in connection with the

transactions contemplated hereby and thereby.

9. Termination of Agreement.

(a) The Underwriters shall have the right to cancel their obligations to purchase the Series 2017 Bonds and have the further right to terminate this Agreement, without liability therefor, by written notice to the Corporation, if, between the date hereof and the Closing:

(i) legislation shall be introduced in or enacted by the Congress of the United States or adopted by either House thereof or shall have been introduced and favorably reported for passage to either House by any committee of such House to which such legislation had been referred for consideration, or a decision shall have been rendered by or adopted by either House or a decision by a court of the United States or the United States Tax Court or an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to federal income taxation upon interest received on obligations of the general character of the Series 2017A Bonds which, in the Representative's reasonable opinion, does materially adversely affect the market price or marketability of the Series 2017 Bonds; or

(ii) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the SEC or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Series 2017 Bonds, or any similar obligations of any similar public body of the general character of the Corporation, is in violation of, or has the effect of requiring the contemplated offering, sale and distribution of the Series 2017 Bonds to be registered under the Securities Act of 1933, as amended, or the enactment of the Resolution or any resolution of similar character is in violation of the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the issuance, sale or delivery of the Series 2017 Bonds as contemplated hereby or by the Offering Circular or of obligations of the general character of the Series 2017 Bonds which, in the Representative's reasonable opinion, does materially adversely affect the market price or marketability of the Series 2017 Bonds; or

(iii) there shall have occurred any event which in the Representative's reasonable opinion, after consultation with its legal counsel, makes the Offering Circular either (A) contain an untrue statement of a material fact or (B) omit to state a material fact required to be stated therein or necessary to make the statements made therein not misleading in any material respect, and the Corporation fails to prepare or furnish or fails to cause to be prepared or furnished to the Underwriters an amendment or supplement to the Offering Circular, pursuant to Section 5 hereof, which will amend or supplement the Offering

Circular so that, as amended or supplemented, the Offering Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein not misleading in a material respect; or

(iv) there shall be in force a general suspension of trading on The New York Stock Exchange, Inc., or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on The New York Stock Exchange, Inc., whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(v) a general banking moratorium shall have been declared by either federal, State or New York authorities having jurisdiction and be in force; or

(vi) any legislation, ordinance, rule or regulation shall be enacted by the City or State, or any department or agency thereof, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the reasonable opinion of the Representative, would have a material adverse effect on the market price or marketability of the Series 2017 Bonds; or

(vii) a war involving the United States, an outbreak or escalation of or adverse development in hostilities or terrorist activities or other national or international calamity or crisis shall have occurred which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Series 2017 Bonds; or

(viii) there shall be any proceeding or threatened proceeding by the SEC against the Corporation and such proceeding or threatened proceeding, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Series 2017 Bonds.

(b) If the Corporation shall be unable to satisfy the conditions contained in this Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Corporation nor the Underwriters shall have any further obligations pursuant to this Agreement.

#### 10. Closing Conditions.

(a) The Underwriters' obligations to purchase, to accept delivery of and to pay for the Series 2017 Bonds at the Closing shall be conditioned upon the Corporation's performance of its obligations under Sections 6, 7 and 8 hereof and the Representative's receipt of the following documents:

(i) a copy, duly certified by the City Clerk of the City, of the Ordinance Establishing the Sales Tax Securitization Corporation and Providing for Certain Related Matters, as passed by the City Council of the City;



- (ii) a copy, duly certified by the Secretary-Treasurer of the Corporation, of the Bylaws of the Corporation;
- (iii) a copy, duly certified by the Secretary-Treasurer of the Corporation, of the Resolution, as passed by the Board;
- (iv) the Indenture;
- (v) three copies of the Offering Circular manually executed by an Authorized Officer;
- (vi) the approving opinions, dated the date of the Closing, of Bond Counsel, substantially in the form attached to the Offering Circular as Appendix B;
- (vii) the opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters and to the Corporation, of Bond Counsel, substantially in the form attached hereto as Exhibit C-1;
- (viii) a letter dated the date of the closing and addressed to the Representative on behalf of the Underwriters and to the Corporation, of Bond Counsel, substantially in the form attached hereto as Exhibit C-2;
- (ix) opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of Mayer Brown LLP, Counsel to the Corporation, substantially in the form attached hereto as Exhibit D;
- (x) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of Charity & Associates, P.C., Special Disclosure Counsel to the Corporation, substantially in the form attached hereto as Exhibit E
- (xi) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of Orrick, Herrington & Sutcliffe LLP, Underwriters' Counsel, substantially in the form attached hereto as Exhibit F;
- (xii) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, to the Corporation and to the City of the Corporation Counsel of the City, substantially in the form attached hereto as Exhibit G;
- (xiii) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, to the Corporation and to the City of Chapman and Cutler LLP, Special Counsel to the City, substantially in the form attached hereto as Exhibit H;
- (xiv) a certificate, dated the date of the Closing, signed by an Authorized Officer, to the effect that the representations and warranties of the Corporation

herein are correct in all material respects as of the date of the Closing; [THIS CERTIFICATE MAY INCLUDE CERTIFICATION OF OTHER ORGANIZATIONAL AND AUTHORITY DOCUMENTS OF THE CORPORATION];

(xv) a certificate of the Trustee, dated the date of Closing, to the effect that such bank has full legal right, power and authority to act as Trustee;

(xvi) a certificate of The Bank of New York Mellon Trust Company, N.A., as bond registrar and paying agent (“Bond Registrar”), to the effect that the Bond Registrar has full legal right, power and authority to act as the Bond Registrar under the Resolution;

(xvii) a certificate, dated the date of the Closing, signed by the Representative, in form and substance satisfactory to the Corporation and Bond Counsel;

(xviii) an executed copy of the Undertaking substantially in the form summarized in the Offering Circular under the heading “SECONDARY MARKET DISCLOSURE”;

(xix) a copy of an agreement between the Corporation and DTC relating to the safekeeping and book-entry form of the Series 2017 Bonds;

(xx) evidence satisfactory to the Representative that the Series 2017 Bonds are rated “\_\_\_” (\_\_\_ outlook) by S&P Global Ratings (“S&P”) and “\_\_\_” (\_\_\_ outlook) by Fitch Ratings, Inc.;

(xxi) an executed copy of this Agreement;

(xxii) an executed copy of the Sale Agreement; and

(xxiii) such additional closing certificates and agreements related to the Series 2017 Bonds, including such tax certifications and agreements relating to the Series 2017 Bonds, as Bond Counsel shall reasonably determine to be necessary to deliver their opinions as provided hereinabove.

(b) All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement will be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative, in its reasonable judgment. Payment for the Series 2017 Bonds and acceptance of the Series 2017 Bonds by the Underwriters shall constitute acknowledgment by the Underwriters of the Corporation’s full performance hereunder.

11. Expenses. The Underwriters shall be under no obligation to pay, and the Corporation shall pay, any and all expenses incident to the performance of the Corporation’s obligations hereunder, including but not limited to: (a) the cost of the preparation and printing or other reproduction of the Resolution, the Preliminary Offering Circular and the

Offering Circular, as well as the cost of shipping the Offering Circular; (b) the cost of the preparation and printing of the Series 2017 Bonds; (c) the fees and disbursements of Bond Counsel, Counsel to the Corporation, Special Disclosure Counsel to the Corporation and Special Counsel to the City; (d) the fees and disbursements of any experts or consultants retained by the Corporation; (e) the fees of DTC and the Bond Registrar; (f) the fees for the municipal bond ratings on the Series 2017 Bonds; and (g) reasonable travel, lodging and meal expenses incurred by the Underwriters that are directly related to the offering contemplated by this Agreement. The Underwriters will pay the expenses incurred by them in connection with their public offering and distribution of the Series 2017 Bonds, including, but not limited to, the CUSIP Service Bureau charges, Blue Sky filing fees, any amount required to be paid to the MSRB, the fees and expenses of Underwriters' Counsel and advertising expenses directly incurred by the Underwriters.

12. Notices. Any notice or other communication to be given to the Corporation under this Agreement shall be given by delivering the same in writing at the address set forth above, and any such notice or other communication to be given to the Underwriters shall be given by delivering the same in writing to the Underwriters at the following address:

Jefferies LLC  
520 Madison Avenue, 5th Floor  
New York, New York 10022  
Attention: Kym Arnone, Managing Director

13. No Third Party Beneficiaries, Survival, Etc. This Agreement is made solely for the benefit of the Corporation (including the successors or assigns of the Corporation), the City (to the extent of any rights expressly retained by the City under the Sale Agreement) and the Underwriters (including the successors or assigns of any Underwriter), and no other person, partnership, association or corporation including any purchaser of the Series 2017 Bonds shall acquire or have any right hereunder or by virtue hereof. All of the representations and agreements by the Corporation in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Series 2017 Bonds.

14. Governing Law. The rights and obligations of the parties to this Agreement shall be governed by, construed and enforced in accordance with the laws of the State, without giving effect to the conflict of laws provisions thereof.

15. Representations and Warranties of the Underwriters.

(a) The Underwriters warrant and represent that:

(i) they have heretofore authorized the Representative to execute any document on behalf of, or exercise any authority and otherwise to act for, the Underwriters in all matters under or pertaining to this Agreement. Each Underwriter has warranted and confirmed to the Representative, and the Representative warrants and confirms to the

Corporation that: (1) it is duly registered under the 1934 Act, as a broker/dealer or municipal securities dealer and has duly paid the fee prescribed by MSRB Rule A-12 or is exempt from such requirements; (2) it is (A) a member in good standing of the Financial Industry Regulatory Authority (“FINRA”) or (B) otherwise eligible under FINRA rules to receive underwriting discounts and concessions available to such members with respect to underwriters of municipal securities; and (3) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers Series 2017 Bonds for sale. The Underwriters represent, warrant and covenant that they are and will be in compliance with all applicable laws, rules and regulations in connection with the offering, issuance and sale of the Series 2017 Bonds;

(ii) to the knowledge of the Underwriters, no person holding office of the Corporation, either by election or appointment, is in any manner financially interested, either directly in the officer’s own name or indirectly in the name of any other person, association, trust or corporation, in any contract being entered into or the performance of any work to be carried out in connection with the reissuance and sale of the Series 2017 Bonds upon which said officer may be called upon to act or vote;

(iii) each Underwriter severally represents to the Corporation that neither the Underwriter, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce, the United States Department of State or their successors, or on any other list of persons or entities with which the Corporation may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List. Such representation shall be provided to the Corporation in the form attached hereto as Exhibit I.

*For purposes of this representation, “Affiliate,” when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.*

(iv) The Underwriters may enter into distribution agreements with certain financial institutions for the retail distribution of municipal

securities, including the Series 2017 Bonds, at the initial public offering price. In accordance with such arrangements, the Underwriters may share a portion of its underwriting compensation.

16. Approval. The approval of the Underwriters when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Representative and delivered to the Corporation.

17. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms “successors” and “assigns” shall not include any purchaser of any Series 2017 Bond or Series 2017 Bonds from the Underwriters merely because of such purchase.

18. Enforceability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions, because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same document.

20. Cooperation with City Inspector General. Each Underwriter understands and agrees that it is required to and will comply with the provisions of Chapter 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of each Underwriter to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. Every Underwriter shall report, directly and without undue delay, to the City’s inspector general any and all information concerning conduct by any person that such Underwriter knows to involve corrupt activity, pursuant to Section 2-156-018(b) of the Municipal Code of Chicago. A member of the Underwriters knowing failure to report corrupt activity as required in subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, shall constitute an event of default under this Agreement. For purposes of subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, “corrupt activity” shall mean any conduct set forth in subparagraph (a)(1), (2) or (3) of Section 1-23-020 of the Municipal Code of Chicago:

- (1) bribery or attempted bribery, or its equivalent under any local, state or federal law, of any public officer or employee of the City or of any sister agency; or
- (2) theft, fraud, forgery, perjury, dishonesty or deceit, or attempted theft, fraud, forgery, perjury, dishonesty or deceit, or its equivalent under

- any local, state or federal law, against the City or of any sister agency; or
- (3) conspiring to engage in any of the acts set forth in items (1) or (2) of this subsection (a).

The Underwriters (individually and collectively) agree and covenant that no payment, gratuity or offer of employment shall be made in connection with this Agreement, by or on behalf of a subcontractor to the Underwriters or any higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order related to this Agreement.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement in connection with the Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Series 2017A and Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Taxable Series 2017B, to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

**THE UNDERWRITERS**

Senior Manager  
JEFFERIES LLC

Co-Senior Manager  
Rice Financial Products Company

Co-Managers  
George K. Baum & Company  
Hutchison, Shockey, Erley & Co.  
Valdes & Moreno, Inc.

By: JEFFERIES LLC, as Representative

By: \_\_\_\_\_  
Kym Arnone  
Managing Director

Accepted by the Corporation:

**SALES TAX SECURITIZATION CORPORATION**

By: \_\_\_\_\_  
Carole L. Brown  
Chair of the Board of Directors

**SCHEDULE I**

**TERMS OF BONDS**

1. Aggregate Principal Amount: \$ \_\_\_\_\_
2. Dated: \_\_\_\_\_, 2017
3. Maturities, Principal Amounts, Interest Rates, Prices and CUSIP Numbers:

**\$ \_\_\_\_\_ Sales Tax Securitization Bonds, Series 2017**

**\$ \_\_\_\_\_ Sales Tax Securitization Bonds, Series 2017A**

**\$ \_\_\_\_\_ Series 2017A Serial Bonds**

<u>Maturity</u> <u>(____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP<sup>†</sup> No.</u>
------------------------------------	-----------------------------------	--------------------------------	---------------------------------	------------------------------

\$ \_\_\_\_\_ % Series 2017A Term Bonds Due \_\_\_\_\_, Price or Yield \_\_%, CUSIP<sup>†</sup> No.

\$ \_\_\_\_\_ % Series 2017A Term Bonds Due \_\_\_\_\_, Price or Yield \_\_%, CUSIP<sup>†</sup> No.

**\$ \_\_\_\_\_ Sales Tax Securitization Bonds, Taxable Series 2017B**

**\$ \_\_\_\_\_ Series 2017B Serial Bonds**

<u>Maturity</u> <u>(____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP<sup>†</sup> No.</u>
------------------------------------	-----------------------------------	--------------------------------	---------------------------------	------------------------------

\$ \_\_\_\_\_ % Series 2017B Term Bonds Due \_\_\_\_\_, Price or Yield \_\_%, CUSIP<sup>†</sup> No.

\$ \_\_\_\_\_ % Series 2017B Term Bonds Due \_\_\_\_\_, Price or Yield \_\_%, CUSIP<sup>†</sup> No.

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<sup>†</sup> Copyright, American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Series 2017 Bonds only at the time of issuance of the Series 2017 Bonds and neither the Corporation nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2017 Bonds.



4. Redemption.

**Series 2017A Bonds**

*Optional Redemption*

The Series 2017A Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an Authorized Denomination) on any date on or after \_\_\_\_\_ at a Redemption Price of par plus any accrued interest thereon to the date fixed for redemption.

*Mandatory Redemption from Sinking Fund Installments*

The Series 2017A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_ and \_\_\_\_\_ 1, \_\_\_\_ are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100% of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

**Series 2017A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_**

Year	Principal
( _____ 1)	<u>Amount</u>

†

\_\_\_\_\_  
† Stated maturity

**Series 2017A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_**

Year	Principal
( _____ 1)	<u>Amount</u>

†

\_\_\_\_\_  
† Stated maturity

The Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Series 2017A Bonds to be redeemed from such Sinking Fund Installment. The principal amount of each Series 2017A Bond so canceled will be credited against the Sinking Fund Installment due on such date.

*Selection of Series 2017A Bonds to be Redeemed*

If less than all of the Series 2017A Bonds of a single maturity and tenor are to be redeemed, the particular Series 2017A Bonds of such maturity to be redeemed shall be selected by lot by the Trustee by such method of selection as it shall deem proper in its discretion.

**Series 2017B Bonds**

*Make Whole Optional Redemption of Series 2017B Bonds*

The Series 2017B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, on any date, in whole or in part, and if in part from such maturities and interest rates as shall be determined by the Corporation on any Business Day (as defined below) at a redemption price equal to the greater of: (A) the principal amount of such Series 2017B Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Series 2017B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such Series 2017B Bonds are to be redeemed, discounted to the date of redemption of such Series 2017B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus \_\_\_ basis points plus accrued interest on such Series 2017B Bonds being redeemed to the date fixed for redemption.

“Make Whole Optional Redemption of Series 2017B Bonds”:

(a) The make whole optional redemption price of the Series 2017B Bonds to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “Calculation Agent”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the make whole optional redemption price and will not be liable for such reliance. The Corporation shall confirm and transmit the redemption price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

(b) The “Treasury Rate” is, as of any redemption date for the Series 2017B Bonds, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two (2) Business Days (as defined below) nor more than 20 calendar days prior to the redemption date

(excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2017B Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year will be used. The Treasury Rate will be determined by an independent accounting firm, investment banking firm, or financial advisor retained and compensated by the Corporation at as a Corporation Expense.

(c) “Business Day” means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the Trustee maintains its designated office are required or authorized to close.

*Mandatory Redemption from Sinking Fund Installments*

The Series 2017B Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_ and \_\_\_\_\_ 1, \_\_\_\_ are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100% of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

**Series 2017B Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_**

Year (_____ 1)	Principal <u>Amount</u>
-------------------	----------------------------

†  
\_\_\_\_\_  
† Stated maturity

**Series 2017B Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_**

Year (_____ 1)	Principal <u>Amount</u>
-------------------	----------------------------

†  
\_\_\_\_\_  
† Stated maturity

The Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on

deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Series 2017B Bonds to be redeemed from such Sinking Fund Installment. The principal amount of each Series 2017B Bond so canceled will be credited against the Sinking Fund Installment due on such date.

#### *Selection of Series 2017B Bonds to be Redeemed*

If less than all of the Series 2017B Bonds of a single maturity are to be redeemed, the particular Series 2017B Bonds or portions thereof to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC procedures, provided that the selection for redemption of such Series 2017B Bonds will be made in accordance with the operational arrangements of DTC then in effect.

It is the Corporation's intent that redemption allocations made by DTC be made on a pro-rata pass-through distribution of principal basis as described above. However, none of the Corporation, the Underwriters or the Trustee can provide any assurance that DTC, DTC's Participants or any other intermediary will allocate the redemption of Series 2017B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2017B Bonds on a pro-rata pass-through distribution of principal basis as discussed above, then the Series 2017B Bonds will be selected for redemption in accordance with DTC procedures, by lot.

#### **Notice of Redemption**

When Series 2017 Bonds are to be redeemed, the Trustee will give notice of the redemption of the Series 2017 Bonds in the name of the Corporation which notice will specify the Series 2017 Bonds to be redeemed, the maturity dates and interest rates of the Series 2017 Bonds to be redeemed and the date such Series 2017 Bonds were issued; the numbers and other distinguishing marks of the Series 2017 Bonds to be redeemed, including CUSIP numbers; the redemption date; the Redemption Price, if then known; and the principal amount of each Series 2017 Bond to be redeemed. If the Corporation's obligation to redeem the Series 2017 Bonds is subject to conditions, the notice will include a statement to that effect and of the conditions to such redemption. Such notice shall further state that, if on such date all conditions to redemption have been satisfied, there shall become due and payable on such date upon each Series 2017 Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

The Trustee will give notice by mailing a copy of such notice not less than twenty (20) days (or such shorter period if then permitted by DTC) nor more than sixty (60) days prior to the redemption date by mail, to the registered owners of the Series 2017 Bonds which are to be redeemed, at their last known addresses appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. The failure of any Holder of a Series 2017 Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Series 2017 Bonds.

### **Payment of Redeemed Series 2017 Bonds**

Notice having been given by mail in the manner described above, the Series 2017 Bonds or portions thereof so called for redemption will become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Series 2017 Bonds, at the office or offices specified in such notice, such Series 2017 Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there is drawn for redemption less than all of the principal amount of a Series 2017 Bond, the Corporation will execute and the Trustee will authenticate and deliver, upon the surrender of such Series 2017 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Series 2017 Bond so surrendered, Series 2017 Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Series 2017 Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as described above, then, from and after the redemption date, interest on the Series 2017 Bonds or portions thereof so called for redemption shall cease to accrue and such Series 2017 Bonds shall no longer be considered to be Outstanding under the Indenture. If such money is not available on the redemption date, such Series 2017 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

**SCHEDULE II**

**ISSUE PRICE SCHEDULE**

Maturity Date (XXXX 1)	CUSIP #	Principal Amount (\$)	Interest Rate (%)	Initial Public Offering Price	10% Test Maturities: 10% Test is Met on Sale Date (indicate first price at which 10% sold to public or N/A)	Hold the Offering Price Maturities: 10% Test is Not Met on Sale Date (indicate Yes or No)

**EXHIBIT A**  
**PRELIMINARY OFFERING CIRCULAR**

**EXHIBIT B**

**FORM OF CERTIFICATE OF THE UNDERWRITERS**



[FINALIZATION OF THIS CERTIFICATE SUBJECT TO FINAL PRICING.]

EXHIBIT B: CERTIFICATE OF UNDERWRITERS

Sales Tax Securitization Corporation

Nixon Peabody LLP

Re: Sales Tax Securitization Corporation  
\$\_\_\_\_\_ Sales Tax Securitization Bonds, Series 2017A (the “Series 2017A Bonds”) and \$\_\_\_\_\_ Sales Tax Securitization Bonds, Taxable Series 2017B (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”)

Ladies and Gentlemen:

The undersigned, on behalf of Jefferies LLC (the “Representative”), acting for itself and as representative of each underwriter named in the Bond Purchase Agreement defined below (collectively, the “Underwriters”) hereby certifies as follows:

1. The Representative and the Sales Tax Securitization Corporation (the “Corporation”) have executed on \_\_\_\_\_, 2017 (the “Sale Date”) a Bond Purchase Agreement relating to the sale of the Series 2017 Bonds (the “Bond Purchase Agreement”). The Bond Purchase Agreement has not been amended since the Sale Date.

2. Capitalized terms used in this Certificate and not otherwise defined herein have the following meanings:

(a) “10% Test Maturities” means those Maturities of the Series 2017 Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) “Hold the Offering Price Maturities” means those Maturities of the Series 2017 Bonds listed in Schedule A hereto as the “Hold the Offering Price Maturities.”

(c) “Holding Period” means, with respect to any Hold the Offering Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (close of business on \_\_\_\_\_, 2017) or (ii) the date on which the Underwriters have sold at least 10% of such Hold the Offering Price Maturity to the Public at prices no higher than the Initial Offering Price (defined below) for such Hold the Offering Price Maturity.

(d) “Maturity” means Series 2017 Bonds with the same credit and payment terms. Series 2017 Bonds with different maturity dates, or Series 2017 Bonds with the same maturity date but different stated interest rates, are treated as

separate maturities.

(e) “Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Corporation (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Series 2017 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2017 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2017 Bonds to the Public).

3. Sale of the 10% Test Maturities. For each Maturity of the 10% Test Maturities, the first price at which at least 10% of such Maturity was sold to the Public as of the Sale Date is the respective price listed in Schedule A.

4. Initial Offering Price of the Hold the Offering Price Maturities.

(a) The Underwriters offered each Maturity of the Hold the Offering Maturities to the Public for purchase at the respective initial offering price listed in Schedule A (the “Initial Offering Price”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2017 Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the Underwriters have agreed in writing that (i) for each Maturity that is a Hold the Offering Price Maturity, the Underwriters and any related party would neither offer nor sell any of the Series 2017 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreements, none of the Underwriters or respective related parties have offered or sold any Maturity of the Hold the Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2017 Bonds during the Holding Period.

5. Based on the foregoing, the aggregate “issue price” of the Series 2017 Bonds is \$\_\_\_\_\_ which is equal to the principal amount of the Series 2017 Bonds of \$\_\_\_\_\_, [plus/less] [net] original issue [premium/discount] of

\$ \_\_\_\_\_. The Representative is purchasing the Series 2017 Bonds at a price of \$ \_\_\_\_\_, which is the issue price of the Series 2017 Bonds less an underwriter's discount of \$ \_\_\_\_\_.

6. The yield on the Series 2017 Bonds is \_\_\_\_\_ percent (meaning that discount rate which, when used in computing the present value as of the Issue Date of all unconditionally payable payments of principal, interest and fees for qualified guarantees (if any) and amounts reasonably expected to be paid as fees for qualified guarantees on the Series 2017 Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Series 2017 Bonds as of the Issue Date). [In computing the yield, any Series 2017 Bond subject to optional early redemption that was issued at an issue price that exceeded its stated redemption at maturity by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the Series 2017 Bonds was treated as redeemed at its stated redemption price on the optional redemption date that produced the lowest yield on the Series 2017 Bonds. Accordingly, the Series 2017 Bonds maturing on \_\_\_\_\_ 1, 20\_\_ to \_\_\_\_\_ 1, 20\_\_, inclusive are treated as redeemed on \_\_\_\_\_ 1, 20\_\_.]

7. The weighted average maturity of the Series 2017 Bonds is not more than \_\_\_\_\_ years.

We understand that Transaction Counsel may rely upon this certification, among other things, in providing an opinion that interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes.

Dated: \_\_\_\_\_, 2017

JEFFERIES LLC, as Representative

By: \_\_\_\_\_

Kym Arnone

Its: Managing Director

**SCHEDULE A TO EXHIBIT B**

**ISSUE PRICE SCHEDULE**

Maturity Date (XXXX 1)	CUSIP #	Principal Amount (\$)	Interest Rate (%)	Initial Public Offering Price	10% Test Maturities: 10% Test is Met on Sale Date (indicate first price at which 10% sold to public or N/A)	Hold the Offering Price Maturities: 10% Test is Not Met on Sale Date (indicate Yes or No)

**SCHEDULE B TO EXHIBIT B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**

[See Attached]

**EXHIBIT C-1**

**SUPPLEMENTAL OPINION OF BOND COUNSEL**

**EXHIBIT C-2**  
**LETTER OF BOND COUNSEL**



**EXHIBIT D**

**OPINION OF COUNSEL TO THE CORPORATION**

**EXHIBIT E**

**OPINION OF SPECIAL DISCLOSURE COUNSEL TO THE CORPORATION**

**EXHIBIT F**

**OPINION OF UNDERWRITERS' COUNSEL**

**EXHIBIT G**

**OPINION OF CORPORATION COUNSEL OF THE CITY**

**EXHIBIT H**

**OPINION OF SPECIAL COUNSEL TO THE CITY**

## EXHIBIT I

### REPRESENTATION LETTER

Sales Tax Securitization Corporation  
121 North LaSalle Street  
Chicago, Illinois 60602  
Attention: Chair of the Board of Directors

Pursuant to the Bond Purchase Agreement dated \_\_\_\_\_, 2017 (the “Agreement”), among the Sales Tax Securitization Corporation (the “Corporation”) and Jefferies, LLC, as Representative (the “Representative”) of the Underwriters named therein (each an “Underwriter”) relating to the Corporation’s Sales Tax Securitization Bonds, Series 2017A (the “Series 2017A Bonds”) and the Corporation’s Sales Tax Securitization Bonds, Taxable Series 2017B (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), each of the undersigned Underwriters severally represents to the Corporation that:

(1) Neither the Underwriter, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce, the U.S. Department of State or their successors, or on any other list of persons or entities with which the Corporation may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List.

*For purposes of this representation, “Affiliate,” when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.*

(2) The undersigned Underwriter agrees that in the event that any Underwriter or any of its Affiliates appears on any of the lists described in paragraph (1) above, at any time prior to the Closing (as defined in the Agreement) with respect to the Series 2017 Bonds, that Underwriter shall be deemed to have submitted to the Representative its Withdrawal From Agreement Among Underwriters.

IN WITNESS WHEREOF, the undersigned has caused this Representation Letter in connection with the Series 2017 Bonds to be executed as of the date written below.

Dated: \_\_\_\_\_, 2017

JEFFERIES, LLC

By: \_\_\_\_\_  
Its: Managing Director

GEORGE K. BAUM & COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

VALDES & MORENO, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

RICE FINANCIAL PRODUCTS  
COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

HUTCHISON, SHOCKEY, ERLEY &  
CO.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT D  
FORM OF SALE AGREEMENT



## ASSIGNMENT, PURCHASE AND SALE AGREEMENT

This ASSIGNMENT, PURCHASE AND SALE AGREEMENT, dated as of \_\_\_\_\_, 2017 (this “*Sale Agreement*”), among the City of Chicago (the “*City*”), the SALES TAX SECURITIZATION CORPORATION, an Illinois not for profit corporation and instrumentality of the City (the “*Corporation*”) and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee under the Indenture (as defined herein) (the “*Trustee*”), but actually executed and delivered on the date set forth below;

WHEREAS, the City is a home rule municipality under Section 6 of Article VII of the Illinois Constitution of 1970, and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, Public Act 100-0023, effective July 6, 2017, adding Division 13 to Article 8 of the Illinois Municipal Code, 65 ILCS 5/8-13-5 *et seq.*, authorizes any home rule municipality to enter into agreements to assign, sell transfer or otherwise convey its interest in all or any part of any revenues or taxes that it receives from a State Entity (as defined herein); and

WHEREAS, the City desires to sell to the Corporation and the Corporation desires to purchase from the City certain Sales Tax Revenues (as defined herein); and

WHEREAS, the Corporation is willing to purchase from the City such Sales Tax Revenues in exchange for the consideration provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.01. Definitions.* Whenever used in this Sale Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

“*Act*” means Division 13 of Article 8 of the Illinois Municipal Code, 65 ILCS 5/8-13-5 *et seq.*, as the same may be amended from time to time.

“*Beneficiaries*” means Secured Obligation Holders, the owner of the Residual Certificate and such other parties expressly identified in the Indenture.

“*Board*” means the board of directors of the Corporation.

“*Bond Purchase Agreement*” means the Contract of Purchase, dated \_\_\_\_\_, 2017, by and between the Corporation and the Underwriters named therein.

“*Bondholders*” means the registered owners of Outstanding Bonds.

“*Bond*” or “*Bonds*” means any Bond (as defined in the Indenture) issued pursuant to the Indenture, including, specifically, the Series 2017 Bonds.

“*Chief Financial Officer*” means the Chief Financial Officer of the City appointed by the Mayor of the City, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer as set forth in Section 1-4-090(k) of the Municipal Code of Chicago.

“*Closing Date*” means the date of issuance by the Corporation of the Series 2017 Bonds.

“*Conveyance Period*” means the period of time during which the conveyance of the Sales Tax Revenues by the City to the Corporation pursuant to this Sale Agreement is effective, namely, from the Closing Date until the date on which there are no Secured Obligations remaining Outstanding.

“*Costs of Issuance*” means those costs related to the authorization, sale or issuance of Bonds, including but not limited to all fees, costs, expenses and governmental charges for: underwriting and transaction structuring, auditors or accountants, printing, reproducing documents, filing and recording of documents, fiduciaries, legal services, financial advisory and professional consultants’ services, credit ratings, credit and liquidity enhancements, execution, and transportation and safekeeping of Bonds; and also includes costs incurred by the City to the extent the same are to be paid by the Corporation in accordance with this Sale Agreement.

“*Debt Transactions Accountability Ordinance*” means Chapter 2-165 of the Municipal Code of Chicago.

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

“*Federal Bankruptcy Code*” means the Bankruptcy Reform Act of 1978, as amended, codified as Title 11, United States Code, as it has been and will be amended from time to time and any successor federal statute.

“*Financing Costs*” means (i) Costs of Issuance, (ii) the capitalization of initial operating expenses of the Corporation, (iii) the funding of the Debt Service Reserve Account and any other debt service reserves established under the Indenture, and (iv) any other fees, discounts, expenses and costs of any kind whatsoever related to issuing, securing and marketing the Bonds.

“*Fiscal Year*” means the period January 1 through December 31 of the same year.

“*Home Rule Sales Tax Revenues*” means all amounts payable upon the order of the State Comptroller to or upon the order of the City resulting from the collection of those taxes imposed by the City pursuant to its home rule powers as currently authorized by the Home Rule Municipal Retailers’ Occupation Tax Act (65 ILCS 5/8-11-1), the Home Rule Municipal Service Occupation Tax Act (65 ILCS 5/8-11-5), and the Home Rule Municipal Use Tax Act (65 ILCS 5/8-11-6), each as supplemented and amended, or any successor or substitute law, ordinance or other legislation subsequently enacted (which taxes are currently imposed by the City pursuant to

Sections 3-40-010, 3-40-430 and 3-28-030, respectively, of the Municipal Code of Chicago, as amended), or successor or substitute taxes therefor as provided by law in the future.

*“Illinois Municipal Code”* means the Illinois Municipal Code, 65 ILCS 5, as the same may be amended from time to time.

*“Indenture”* means the Master Trust Indenture, dated as of \_\_\_\_\_, 2017, by and between the Corporation and the Trustee, as amended, supplemented and in effect from time to time.

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

*“Opinion of Counsel”* means one or more written opinions of counsel who may be an employee of or counsel to the City, which counsel shall be acceptable to the Trustee.

*“Outstanding”* has the meaning ascribed to such term in the Indenture.

*“Prior Sales Tax Trust Indenture”* means the Trust Indenture dated as of March 1, 1997, between the City and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, and American National Bank and Trust Company of Chicago), as trustee, securing the obligations payable from the Sales Tax Revenues outstanding prior to the Closing Date.

*“Residual Fund”* means the account so designated and established pursuant to Section 5.02 of the Indenture.

*“Residual Revenues”* has the meaning set forth in Section 8.01.

*“Residual Certificate”* means an instrument which evidences the right of the holder to be paid any Residual Revenues that have been released from the lien of the Indenture, in the form of Exhibit A hereto.

*“Sale Agreement”* means this Assignment, Purchase and Sale Agreement, dated as of \_\_\_\_\_, 2017, being an “Assignment Agreement” within the meaning of the Act, as the same may be amended or supplemented and in effect from time to time.

*“Sales Tax Revenues”* means, when used in connection with a Fiscal Year or other period of time, collectively, the Home Rule Sales Tax Revenues and the Local Share Sales Tax Revenues payable to or upon the order of the City during such Fiscal Year or such other period of time.

“*Secured Obligation Holders*” or “ *Holders*” means, collectively, Bondholders and the registered owners of Outstanding Subordinated Indebtedness.

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

“*Securitization Sales Tax Revenue Fund*” means the fund so designated, created and established pursuant to Section 5.02 of the Indenture.

“*Series 2017 Bonds*” means the Corporation’s \$\_\_\_\_\_ Sales Tax Securitization Bonds, Series 2017A, and \$\_\_\_\_\_ Sales Tax Securitization Bonds, Taxable Series 2017B, initially dated their date of delivery, including any Bonds issued in exchange or replacement therefor.

“*State*” means the State of Illinois.

“*State Comptroller*” means the State Comptroller of the State.

“*State Entity*” means the State Comptroller, the State Treasurer or the Department of Revenue.

“*State Treasurer*” means the State Treasurer of the State.

“*Subordinated Indebtedness*” has the definition ascribed to such term in the Indenture.

“*Tax Code*” means the Internal Revenue Code of 1986, as amended.

“*Transaction Counsel*” means a nationally recognized bond counsel as may be selected by the Corporation for a specific purpose hereunder.

“*Transaction Documents*” means this Sale Agreement, the Indenture, the Bond Purchase Agreement and the Residual Certificate.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., its successors in interest and any successor trustee under the Indenture.

*Section 1.02. Other Definitional Provisions.* (a) Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Indenture.

(b) All terms defined in this Sale Agreement shall have the meanings ascribed hereunder when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Sale Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Sale Agreement or in any such certificate or other document, and accounting terms partly defined in this Sale Agreement or in any such certificate or other document to the extent not defined, shall have the

respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms in this Sale Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Sale Agreement or in any such certificate or other document shall control.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Sale Agreement shall refer to this Sale Agreement as a whole and not to any particular provision of this Sale Agreement; Article and Section references contained in this Sale Agreement are references to Articles and Sections in or to this Sale Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(e) The definitions contained in this Sale Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a person are also to its permitted successors and assigns.

(g) All statutory citations used herein refer to citations in effect on the date of execution and delivery of this Sale Agreement.

## **ARTICLE II**

### **CONVEYANCE OF CERTAIN SALES TAX REVENUES**

*Section 2.01. Conveyance of Certain Sales Tax Revenues.* (a) The City irrevocably does hereby sell and convey to the Corporation, absolutely and unconditionally, as of the Closing Date and for the Conveyance Period, without recourse (subject to certain continuing obligations herein) in accordance with and subject to the terms of this Sale Agreement, all right, title and interest of the City on the Closing Date in and to the Sales Tax Revenues. As consideration for such sale and conveyance of the Sales Tax Revenues by the City to the Corporation, the Corporation does hereby promise to pay and otherwise convey to or upon the order of (i) the City, without recourse, on the Closing Date, the Residual Certificate and the proceeds (net of the Financing Costs) of the Series 2017 Bonds in accordance with and subject to the terms of the Indenture and the Act and (ii) to or on the order of the City, the net proceeds of any Additional Bonds (as defined in the Indenture) and any Subordinated Indebtedness.

(b) In accordance with the Act, upon execution and delivery of this Sale Agreement, the sale and conveyance and other transfer of the right to receive the Sales Tax Revenues shall for all purposes (i) constitute a “true sale” and an absolute conveyance of all right, title, and interest therein and not a pledge or other security interest for any borrowing, (ii) be valid, binding and enforceable in accordance with the terms of this Sale Agreement and the Indenture,

and (iii) not be subject to disavowal, disaffirmance, cancellation, or avoidance by reason of the insolvency of any party, lack of consideration, or any other fact, occurrence or rule of law.

(c) The right of the Corporation to receive the Sales Tax Revenues, and the right of the City to convey the Sales Tax Revenues, on and after the Closing Date, are each valid and enforceable, and during the Conveyance Period for which the Sales Tax Revenues are payable to the Corporation and pledged under the Indenture, the right of the Corporation to receive the Sales Tax Revenues is superior and prior to the right and claim of the owner of the Residual Certificate to receive the Residual Revenues. Notwithstanding anything to the contrary in the Indenture or the Residual Certificate, the Trustee shall not make any deposits to the Residual Fund unless and until the deposits required to be made by Section 5.06 of the Indenture have been made in full.

(d) From and after the Closing Date during the Conveyance Period, all Sales Tax Revenues assigned by the City pursuant to the Act and paid to the Trustee shall be applied in accordance with the provisions of the Indenture. In the event the City shall receive in error any payments or other funds constituting Sales Tax Revenues after the Closing Date, the City will promptly disburse the same to the Trustee, as directed. In connection with the execution and delivery of this Sale Agreement, the City has executed and delivered to the Director of the Department of Revenue, the State Comptroller and the State Treasurer an irrevocable direction to make the payments constituting Sales Tax Revenues directly to the Trustee as required by the Transaction Documents. Upon receipt of any Sales Tax Revenues, the Trustee shall immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund.

*Section 2.02. "AS-IS" Sale.* The Corporation acknowledges, understands and agrees that it is acquiring the Sales Tax Revenues on an "AS IS" and "WITH ALL FAULTS" basis based solely on its own investigation. The Corporation acknowledges that other than as expressly provided herein, neither the City nor any City representative has made any representations or given any warranties or guarantees, express, implied or statutory, written or oral, in respect of the Sales Tax Revenues, their sufficiency to pay debt service on any Secured Obligations, or for any other purpose.

*Section 2.03. Use of the Proceeds.* In accordance with the Act, the purchase price of the Sales Tax Revenues payable to the City pursuant to this Sale Agreement corresponding directly or indirectly to the proceeds of the Series 2017 Bonds (net of Financing Costs) shall be deposited, on the Closing Date, into the City Proceeds Account within the Proceeds Fund, each as defined in the Indenture, in accordance with the provisions of the Indenture, and will be paid to or upon the direction of the City, as determined by the Chief Financial Officer, free from the provisions of this Sale Agreement (except that the City shall remain subject to the provisions of Section 6.04 hereof with respect to such proceeds), except that any portion of the purchase price of the Series 2017 Bonds to be used to refund outstanding obligations of the City shall be deposited with the respective trustee for such obligations on the Closing Date for the purposes of effectuating such refunding.

*Section 2.04. Benefits Provided.* The City shall cooperate with the Corporation to the fullest extent permitted by law, including the Act, to assure receipt by the Corporation of all of

the Sales Tax Revenues when and as due in accordance with the true intent and meaning of this Sale Agreement.

### ARTICLE III

#### REPRESENTATIONS OF THE CITY

*Section 3.01. Representations of the City.* The City, as seller, makes the following representations on which the Corporation is deemed to have relied in acquiring the Sales Tax Revenues. The representations speak as of the Closing Date, and shall survive the sale of the Sales Tax Revenues to the Corporation and the pledge thereof to the Trustee pursuant to the Indenture.

(a) *Power.* The City is duly authorized to assign and sell the Sales Tax Revenues to the Corporation under the Act as a home rule municipality under Section 6 of Article VII of the Illinois Constitution of 1970. The City has full power and authority to execute and deliver this Sale Agreement and to carry out its terms; and the City has duly authorized such sale and assignment to the Corporation by all necessary action; and the execution, delivery and performance of this Sale Agreement has been duly authorized by the City by all necessary action.

(b) *Binding Obligation.* This Sale Agreement has been duly executed and delivered by the City and, assuming the due authorization, execution and delivery of this Sale Agreement by the Corporation, constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms.

(c) *No Consents.* No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the consummation of the transactions contemplated by this Sale Agreement, except for those which have been obtained and are in full force and effect.

(d) *No Violation.* The sale of the Sales Tax Revenues and the consummation of the transactions contemplated by the Act and the Transaction Documents and the fulfillment of the terms hereof and thereof do not, to the City's knowledge, in any material way conflict with, result in any material breach by the City of any of the material terms and provisions of, nor constitute (with or without notice or lapse of time) a material default by the City under, any indenture, agreement or other instrument to which the City is a party or by which it shall be bound; nor violate any law or, to the City's knowledge, any order, rule or regulation applicable to the City of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the City.

(e) *No Proceedings.* To the City's knowledge, there are no proceedings or investigations pending against the City before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the City: (i) asserting the invalidity of any of the Transaction Documents or the Secured Obligations, (ii) seeking to prevent the issuance of the Secured Obligations or the consummation of any of the transactions contemplated by any of the Transaction Documents, or (iii) seeking any determination or ruling

that would affect the City's ability to sell the Sales Tax Revenues or the validity or enforceability of any of the Transaction Documents, the Act, or the Secured Obligations.

(f) *Title to Sales Tax Revenues.* Prior to their sale and conveyance hereunder, the City is the sole owner of the Sales Tax Revenues, aside from the lien on the Sales Tax Revenues of the outstanding obligations of the City secured by the Prior Sales Tax Trust Indenture and payable from the Sales Tax Revenues, which lien is being extinguished in connection with the consummation of the transactions contemplated by the Transaction Documents as of the Closing Date (the "*Prior Bond Lien*"). On and after the Closing Date (i) the City shall have no right, title or interest in or to the Sales Tax Revenues and (ii) the Sales Tax Revenues shall be the property of the Corporation, and not of the City, and shall be owned, received, held and disbursed by the Corporation and, as provided in the Indenture, the Trustee, without appropriation by the City, and not the City.

(g) *Absence of Liens on Sales Tax Revenues.* Except as provided herein, the City has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Sales Tax Revenues, nor has the City created, or permitted the creation of, any lien thereon. The City warrants that the Sales Tax Revenues are free and clear of liens with the exception of the Prior Bond Lien being extinguished as described in subsection (f) of this section.

(h) *Assignment to Trustee.* The City acknowledges that the Corporation will assign to the Trustee for the benefit of the Secured Obligation Holders all of its rights and remedies with respect to the breach of any representations and warranties of the City under this Sale Agreement. Upon discovery by the City of a breach of any of the foregoing representations, warranties or covenants that materially and adversely affects the value of the Sales Tax Revenues or the sale thereof to the Corporation under this Sale Agreement, the City shall give prompt written notice to the Corporation and the Trustee.

(i) The City shall not be liable to the Trustee or the Secured Obligation Holders for any loss, cost or expense resulting solely from the failure of the Trustee to promptly notify the City upon the discovery by a responsible officer of the Trustee of a breach of any representation, warranty or covenant contained herein.

*Section 3.02. Limitation on Liability.* (a) The City and any officer or employee or agent of the City may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any person respecting any matters arising hereunder. The City shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be related to its obligations under this Sale Agreement, and that in its opinion may involve it in any expense or liability.

(b) None of the City or any officer, member, employee, or agent of the City, while acting within the scope of their authority, shall be subject to any personal liability resulting from the exercising or carrying out of any of the City's purposes or powers or any of their respective rights or obligations under the Transaction Documents.



## ARTICLE IV

### REPRESENTATIONS OF THE CORPORATION

*Section 4.01. Representations of the Corporation.* The Corporation, as buyer, makes the following representations on which the City is deemed to have relied in selling the Sales Tax Revenues. The representations speak as of the Closing Date, and shall survive the sale of the Sales Tax Revenues.

(a) *Power.* The Corporation is duly authorized to purchase and acquire the Sales Tax Revenues from the City. The Corporation has full power and authority to execute and deliver this Sale Agreement and to carry out its terms; and the Corporation has duly authorized such purchase by all necessary action; and the execution, delivery and performance of this Sale Agreement have been duly authorized by the Corporation by all necessary action.

(b) *Binding Obligation.* This Sale Agreement has been duly executed and delivered by the Corporation and, assuming the due authorization, execution and delivery of this Sale Agreement by the City, constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

(c) *No Violation.* The purchase of the Sales Tax Revenues and the consummation of the transactions contemplated by the Act and the Transaction Documents and the fulfillment of the terms hereof and thereof do not, to the Corporation's knowledge, in any material way conflict with, result in any material breach by the Corporation of any of the material terms and provisions of, nor constitute (with or without notice or lapse of time) a material default by the Corporation under any indenture, agreement or other instrument to which the Corporation is a party or by which it shall be bound; nor violate any law or, to the Corporation's knowledge, any order, rule or regulation applicable to the Corporation of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Corporation, nor violate any provision of the Articles of Incorporation of the Corporation or the Bylaws of the Corporation.

(d) *No Reliance.* The Corporation acknowledges that the terms of the Sale Agreement, including the consideration given for the Sales Tax Revenues and the other terms specified in this Sale Agreement, have been agreed upon by the parties after good-faith, arm's-length negotiation in light of the Corporation's agreement to purchase the Sales Tax Revenues on an "AS IS" basis "WITH ALL FAULTS". The Corporation expressly acknowledges and agrees that the Sales Tax Revenues may be insufficient to pay debt service on the Secured Obligations, and that the City has made no representations whatsoever with respect thereto. The Corporation acknowledges and agrees that it has relied, and shall rely, solely upon its own investigation of all such matters, and it assumes all risks with respect thereto.

(e) *Assignment to Trustee.* The Corporation will assign to the Trustee for the benefit of the Secured Obligation Holders all of its rights and remedies with respect to the breach of any representations and warranties of the City under this Sale Agreement. Upon discovery by the Corporation of a breach of any of the foregoing representations, warranties or covenants that

materially and adversely affects the value of the Sales Tax Revenues or the sale thereof to the Corporation under this Sale Agreement, the Corporation shall give prompt written notice to the City and the Trustee.

*Section 4.02. Limitation on Liability.* (a) The Corporation and any officer or employee or agent of the Corporation may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any person respecting any matters arising hereunder. The Corporation shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be related to its obligations under this Sale Agreement, and that in its opinion may involve it in any expense or liability.

(b) None of the Corporation or any officer, member, employee, or agent of the Corporation, while acting within the scope of their authority, shall be subject to any personal liability resulting from the exercising or carrying out of any of the Corporation's purposes or powers or any of their respective rights or obligations under the Transaction Documents.

## **ARTICLE V**

### **COVENANTS OF THE TRUSTEE**

*Section 5.01. Application of Sales Tax Revenues.* Pursuant to Section 2.01(c) of this Sale Agreement, the Sales Tax Revenues shall be paid directly to the Trustee and the Trustee hereby pledges and agrees to (i) deposit the Sales Tax Revenues in the Securitized Sales Tax Revenue Fund and (ii) on a daily basis, if practicable, but in no event later than two Business Days after receipt thereof, apply the Sales Tax Revenues in accordance with the provisions of Article V of the Indenture.

## **ARTICLE VI**

### **COVENANTS OF THE CITY**

*Section 6.01. Protection of Title; Non-Impairment Covenant.* Pursuant to the Act, the City pledges and agrees with the Corporation, and the Corporation is authorized to include such pledge and agreement in the Indenture for the benefit of the owners of the Secured Obligations, that the City (i) has irrevocably directed the Director of the Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee as the assignee of the Corporation, (ii) shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Secured Obligation Holders, or (C) impair the rights and remedies of the Secured Obligation Holders or the security for the Secured Obligations until the Secured Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Secured Obligation Holders, are fully paid and discharged; *provided, however*, that the remedies available to the Corporation and the Secured Obligation Holders for any breach of the pledges and agreements of the City set forth in this section shall be limited to injunctive relief.

*Section 6.02.* The City shall not issue any bonds or other evidences of indebtedness that are secured by a pledge or lien on all or any portion of the Sales Tax Revenues; provided that the City may apply Residual Revenues released pursuant to the Residual Certificate for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

*Section 6.03.* The City agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (a) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (b) the deposits to the Debt Service Reserve Account for such Fiscal Year required by the provisions of the Indenture, (c) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Indenture, and (d) any other deposits or other amounts required by the provisions of the Indenture for such Fiscal Year.

*Section 6.04. Tax Covenant.* The City shall at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt bonds issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Tax Code and applicable regulations issued thereunder. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, Secured Obligations or investment property the acquisition or holding of which would cause any tax-exempt bond to be an “arbitrage bond” as defined in the Tax Code and any applicable regulations issued thereunder. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the holders of any such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of such tax-exempt Secured Obligations.

## **ARTICLE VII**

### **COVENANTS OF THE CORPORATION**

*Section 7.01. Independent Director.* While any Secured Obligations are outstanding, at least one membership position on the Corporation’s board of directors shall be reserved for an “Independent Director” as defined in the Corporation’s bylaws as on file with the Secretary of State of Illinois on the Closing Date (the “Bylaws”), *provided, however,* that the position of Independent Director may remain vacant until such Independent Director is required for a Specified Vote (as defined in the Bylaws). The Corporation’s Bylaws shall provide that any Specified Vote, which shall include a vote to seek relief under the Federal Bankruptcy Code, shall become effective only upon the affirmative vote of all members of the Board at such time as there are no vacancies in the membership of the Board.

*Section 7.02. No Other Debt.* The Corporation shall not incur any indebtedness other than Secured Obligations as permitted under the Indenture.

*Section 7.03. Separateness.* The Corporation shall: (a) have its own separate telephone number, stationery and bank checks signed by it and in its own name, (b) if it uses any premises, its portion of such premises shall be defined and separately identified, (c) maintain its books and records separately from the City and any other entity, (d) segregate its assets from those of the City and any other entity, (e) strictly observe corporate formalities in its dealings, (f) maintain compliance with the General Not for Profit Corporation Act of 1986, as amended (805 ILCS 105), (g) timely and fully perform and comply with all obligations under the Transaction Documents, (h) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or the ability of the Corporation to perform its obligations under this Sale Agreement, or any other Transaction Document, without the prior written consent of the City and the Trustee.

*Section 7.04. No Amendments to Governing Documents.* The Corporation shall not amend its articles of incorporation, bylaws, or other governing documents without the express written consent of the Trustee and the City.

*Section 7.05. Compliance with Laws, Etc.* The Corporation shall comply in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its existence, rights, franchises, qualifications, and privileges as a not for profit corporation.

*Section 7.06. Further Actions.* Upon request of the City or the Trustee, the Corporation will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Sale Agreement. The Corporation shall, as soon as practicable, pay to the City any amounts due to the City that are received by the Corporation in error.

## **ARTICLE VIII**

### **RESIDUAL REVENUES; MODIFICATION OF INDENTURE**

*Section 8.01. Residual Revenues.* As part of the consideration for the sale to the Corporation by the City of the Sales Tax Revenues, the Corporation agrees to issue the Residual Certificate in the form annexed hereto as *Exhibit A*. In accordance with the provisions of Article V of the Indenture, amounts in the Residual Fund ("*Residual Revenues*") will be paid to the holder of the Residual Certificate promptly upon the application of the Sales Tax Revenues in each month pursuant to Section 5.05 of the Indenture.

*Section 8.02. Modification of Indenture.* The Corporation and the Trustee hereby agree that, regardless of the provisions of the Indenture related to the amendment or modification thereof, the Indenture shall not be amended or modified in any manner adverse to (i) the holder of the Residual Certificate without the written consent of the holder of the Residual Certificate or (ii) the City with respect to the disposition of the proceeds of any Secured Obligations issued by the Corporation without the written consent of the City.

## **ARTICLE IX**

### **SECURED OBLIGATIONS SOLELY OBLIGATIONS OF THE CORPORATION**

*Section 9.01. Secured Obligations Not a Debt of City or State.* Neither any Secured Obligation nor any related contract of the Corporation shall constitute an indebtedness or an obligation of the City, the State or any subdivision thereof within the purview of any constitutional or statutory limitation or provision or a charge against the general credit or taxing powers, if any, of any of them but shall be payable solely from the Sales Tax Revenues deposited with the Trustee. No Owner of any Secured Obligation or provider of any related contract shall have the right to compel the exercise of the taxing power of the City, the State or any subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Secured Obligations or to make any payment due under any related contract.

## **ARTICLE X**

### **MISCELLANEOUS**

*Section 10.01. Amendment.* Except as otherwise provided herein, after issuance of the Series 2017 Bonds, this Sale Agreement may be amended by the City and the Corporation with the consent of the Trustee, but without the consent of any of the Secured Obligation Holders: (a) to cure any ambiguity; (b) to correct or supplement any provisions in this Sale Agreement; (c) to correct or amplify the description of the Sales Tax Revenues; (d) to add additional covenants for the benefit of the Corporation; (e) to make adjustments necessary to account for administrative changes in the laws of the State related to the distribution of Sales Tax Revenues; or (f) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Sale Agreement that shall not adversely affect in any material respect the security for the Secured Obligations.

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

It shall not be necessary for the consent of Secured Obligation Holders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Sale Agreement, the holder of the Residual Certificate and the Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Sale Agreement. Without the prior written consent of the holder of the Residual Certificate

and the Trustee, which consent shall not be unreasonably withheld, no amendment, supplement or other modification of this Sale Agreement shall be entered into or be effective if such amendment, supplement or modification affects the holder of the Residual Certificate or the Trustee's, as applicable, own rights, duties or immunities under this Sale Agreement or otherwise.

*Section 10.02. Notices.* All demands, notices and communications upon or to the City, the Corporation, or the Trustee under this Sale Agreement shall be in writing, personally delivered or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt:

(a) in the case of the City: City of Chicago  
Finance and Economic Development  
Division  
Attention: Chief Financial Officer

with a copy to:

(b) in the case of the Corporation: Sales Tax Securitization  
Corporation  
  
Attention: Secretary-Treasurer

(c) in the case of the Trustee:   
Attention:

As to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

*Section 10.03. Limitations on Rights of Others.* The provisions of this Sale Agreement are solely for the benefit of the City, the Corporation, the owner of the Residual Certificate, the Trustee, the Secured Obligation Holders and all other Beneficiaries, and nothing in this Sale Agreement, whether express or implied, shall be construed to give to any other person any legal or equitable right, remedy or claim under or in respect of this Sale Agreement or any covenants, conditions or provisions contained herein.

*Section 10.04. Cooperation with City Inspector General.* The Corporation understands and agrees that it is required to and will comply with the provisions of Chapters 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of the Corporation to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. The Corporation shall report, directly and without undue delay, to the City's inspector general any and all information concerning conduct by any person which the Corporation knows to involve corrupt activity, pursuant to Section 2-156-018(b) of the Municipal Code of Chicago. For purposes of subsection (b) of Section 2-156-018 of the

Municipal Code of Chicago, “corrupt activity” shall mean any conduct set forth in subparagraph (a)(1), (2) or (3) of Section 1-23-020 of the Municipal Code of Chicago: (a) bribery or attempted bribery, or its equivalent under any local, state or federal law, of any public officer or employee of the City or of any sister agency; (b) theft, fraud, forgery, perjury, dishonesty or deceit, or attempted theft, fraud, forgery, perjury, dishonesty or deceit, or its equivalent under any local, state or federal law, against the City or of any sister agency; or (c) conspiring to engage in any of the acts set forth in items (a) or (b) of above.

*Section 10.05. Compliance with Debt Transactions Accountability Ordinance.* The City agrees that, if the issuance of any Secured Obligation by the Corporation requires compliance with the Debt Transactions Accountability Ordinance, the City will make all reasonable efforts to assist the Corporation in complying with the provisions of the Debt Transactions Accountability Ordinance.

*Section 10.06. Severability.* Any provision of this Sale Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

*Section 10.07. Separate Counterparts.* This Sale Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

*Section 10.08. Headings.* The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

*Section 10.09. Governing Law.* This Sale Agreement shall be construed in accordance with the laws of the State of Illinois, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

CITY OF CHICAGO, Seller

By: \_\_\_\_\_

Name:

Title:

SALES TAX SECURITIZATION CORPORATION,  
Purchaser

By: \_\_\_\_\_

Name:

Title:

ACKNOWLEDGED AND AGREED:

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., AS TRUSTEE

By: \_\_\_\_\_

Name:

Title:



**EXHIBIT A**

**FORM OF RESIDUAL CERTIFICATE**

**SALES TAX SECURITIZATION CORPORATION**

**RESIDUAL CERTIFICATE**

**REGISTERED OWNER: CITY OF CHICAGO**

The SALES TAX SECURITIZATION CORPORATION (the “*Corporation*”), an Illinois not for profit corporation and instrumentality of the City of Chicago (the “*City*”), for value received, promises to pay to the registered owner of this Residual Certificate, in accordance with Section 5.12 of the Trust Indenture, dated as of \_\_\_\_\_, 2017 (as it may be amended and supplemented, the “*Indenture*”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), the Residual Revenues then payable to the owner of the Residual Certificate pursuant to the Indenture and the Act, by wire transfer, at the discretion of the Corporation, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Corporation as maintained by the Trustee, as of close of business on the Business Day immediately preceding the applicable payment date. Capitalized terms used but not defined in this Residual Certificate shall have the meanings given to them in the Indenture.

Notwithstanding anything to the contrary in the Indenture or this Residual Certificate, the Trustee shall not make any transfers to the Residual Account unless and until the deposits required by Section 5.06 of the Indenture have been made in full.

Reference is made to the Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness and to the rights, limitations of rights, duties, obligations and immunities of the Corporation, the Trustee, the Bondholders, the holders of any Subordinated Indebtedness and the registered owner of this Residual Certificate.

This Residual Certificate is issuable only in fully registered form and may not be converted into bearer form. The Corporation and the Trustee may treat the registered owner hereof as the absolute owner of this Residual Certificate for all purposes, notwithstanding any notice to the contrary.

This Residual Certificate shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been dated and manually signed by the Trustee.

In accordance with Section 7.14 of the Indenture, this Residual Certificate may not be transferred by the holder hereof unless the Corporation and the City have received an opinion of Transaction Counsel that such transfer will not adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income of the holder thereof for purposes of federal income taxation.

IN WITNESS WHEREOF, the SALES TAX SECURITIZATION CORPORATION has caused this Residual Certificate to be executed in its name by its Chairman as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

SALES TAX SECURITIZATION CORPORATION

By: \_\_\_\_\_  
Name: [ \_\_\_\_\_ ]  
Title: [ \_\_\_\_\_ ]

EXHIBIT E  
FORM OF PRELIMINARY OFFERING CIRCULAR

## PRELIMINARY OFFERING CIRCULAR DATED NOVEMBER \_\_, 2017

**NEW ISSUE****BOOK-ENTRY ONLY**

In the opinion of Nixon Peabody LLP (“**Transaction Counsel**”), under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications described herein, interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”). **Transaction Counsel** is also of the opinion that interest on the Series 2017A Bonds is not a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code. Interest on the Series 2017B Bonds is includible in the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2017 Bonds is not exempt from present Illinois income taxes. See “**TAX MATTERS**” herein regarding certain other tax considerations.

\$\_[\_\_\_\_\_]\*

**SALES TAX SECURITIZATION CORPORATION**

**Sales Tax Securitization Bonds,**

\$\_[\_\_\_\_\_]\* **Series 2017A**

\$\_[\_\_\_\_\_]\* **Taxable Series 2017B**

**Dated: Date of Delivery**

**Maturity Dates: January 1, as shown on inside cover**

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

The Sales Tax Securitization Bonds, Series 2017A (the “**Series 2017A Bonds**”) and the Sales Tax Securitization Bonds, Taxable Series 2017B (the “**Series 2017B Bonds**”) and together with the Series 2017A Bonds, the “**Series 2017 Bonds**”) are to be issued by the Corporation pursuant to a Master Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017 (the “**Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”) and a First Supplemental Trust Indenture, dated as of [\_\_\_\_\_] 2017, by and between the Corporation and the Trustee. The Series 2017 Bonds, together with any Additional Bonds (defined herein) issued under the Indenture, are referred to herein as the “**Bonds**”. The Bonds, together with any Subordinated Indebtedness (defined herein) issued under the Indenture, are referred to herein as the “**Secured Obligations**”).

The Series 2017 Bonds will be fully registered bonds issued in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Series 2017 Bonds. Purchasers of the Series 2017 Bonds will not receive certificates representing their interests in the Series 2017 Bonds purchased. Interest on the Series 2017 Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2018. Principal and Redemption Price of and interest on the Series 2017 Bonds will be paid by the Trustee to DTC, which in turn will remit such principal and Redemption Price and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2017 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2017 Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See APPENDIX A — “**BOOK-ENTRY ONLY SYSTEM**”.

The Series 2017 Bonds are subject to optional and mandatory redemption, all as described herein.

The Series 2017 Bonds are being issued to provide funds for the Corporation to purchase the Sales Tax Revenues (as hereinafter defined) from the City. Such funds will be applied by the City to refund all of the outstanding City of Chicago Sales Tax Revenue Bonds. In addition, proceeds of the Series 2017 Bonds will be used to pay costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues and the other collateral pledged under the Indenture. The Corporation has no financial assets available for payment of the Series 2017 Bonds other than the Sales Tax Revenues and the other collateral pledged under the Indenture.

See the inside cover for Maturity Dates, Interest Rates and Prices or Yields.

**The Series 2017 Bonds do not represent or constitute a debt of the City or of the State of Illinois (the “State”) within the meaning of any constitutional or statutory limitation or a pledge of the full faith and credit of the City or the State or grant to the holders thereof any right to have the City or the General Assembly of the State levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of, or interest on, the Series 2017 Bonds. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the State or the City, and neither the credit, the revenues nor the taxing power of the State or the City is, or shall be deemed to be, pledged to the payment of any of the Series 2017 Bonds. The Corporation has no taxing power.**

*The Series 2017 Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters, subject to the approval of legality by Nixon Peabody, LLP, Chicago, Illinois, as Transaction Counsel. Certain legal matters with respect to the Corporation will be passed upon by (i) Nixon Peabody LLP, as Transaction Counsel, (ii) Mayer Brown LLP, as Counsel to the Corporation, and (iii) Charity & Associates, P.C., as Special Disclosure Counsel to the Corporation. Certain legal matters with respect to the City will be passed upon by (i) its Corporation Counsel and (ii) Chapman and Cutler LLP, as Special Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York, as Underwriters’ Counsel. It is expected that the Series 2017 Bonds will be available for delivery in book-entry form only through The Depository Trust Company in New York, New York, on or about December \_\_, 2017.*

**Jefferies**  
**George K. Baum and Company**

**Hutchinson, Shockey, Erley & Co.**

**Rice Financial Products Company**  
**Valdés & Moreno, Inc.**

[\_] , 2017

\* Preliminary, subject to change

## MATURITY SCHEDULE

**[\$[\_\_\_\_\_]]\* Sales Tax Securitization Bonds, Series 2017**

**[\$[\_\_\_\_\_]]\* Sales Tax Securitization Bonds, Series 2017A**

**[\$[\_\_\_\_\_]]\* Series 2017A Serial Bonds**

<u>Maturity (January 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP† No.</u>	<u>Maturity (January 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP† No.</u>
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**[\$[\_\_\_\_\_]]\* \_\_\_% Series 2017A Term Bonds Due [\_\_\_\_\_]\*, Price or Yield \_\_\_%, CUSIP† No.**

**[\$[\_\_\_\_\_]]\* \_\_\_% Series 2017A Term Bonds Due [\_\_\_\_\_]\*, Price or Yield \_\_\_%, CUSIP† No.**

**[\$[\_\_\_\_\_]]\* Sales Tax Securitization Bonds, Taxable Series 2017B**

**[\$[\_\_\_\_\_]]\* Series 2017B Serial Bonds**

<u>Maturity (January 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP† No.</u>	<u>Maturity (January 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP† No.</u>
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**[\$[\_\_\_\_\_]]\* \_\_\_% Series 2017B Term Bonds Due [\_\_\_\_\_]\*, Price or Yield \_\_\_%, CUSIP† No.**

**[\$[\_\_\_\_\_]]\* \_\_\_% Series 2017B Term Bonds Due [\_\_\_\_\_]\*, Price or Yield \_\_\_%, CUSIP† No.**

\* Preliminary, subject to change

† Copyright, American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Series 2017 Bonds only at the time of issuance of the Series 2017 Bonds and neither the Corporation nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2017 Bonds.

*Certain capitalized terms used but not defined in the following paragraphs are defined in the Offering Circular on the pages noted in the Index of Defined Terms.*

**CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE OR MAINTAIN THE PRICE OF THE SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVER-ALLOTMENT AND STABILIZING TRANSACTIONS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**No dealer, broker, salesperson or other person is authorized in connection with any offering made hereby to give any information or make any representation other than as contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Corporation, the City or the Underwriters. This Offering Circular does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.**

This Offering Circular has been prepared by the Corporation and contains information furnished by the Corporation, the City and other sources, all of which are believed by the Corporation to be reliable.

The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the City since the date hereof or that the information contained herein is correct as of any date subsequent to the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party. See "CONTINUING DISCLOSURE UNDERTAKING".

This Offering Circular contains forecasts, projections and estimates that are based on current expectations or assumptions. In light of the important factors that may materially affect the amount of Sales Tax Revenues (see "INVESTMENT AND LEGAL CONSIDERATIONS"), the inclusion in this Offering Circular of such forecasts, projections and estimates should not be regarded as a representation by the Corporation, its financial advisors, the City or the Underwriters that the results of such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

References in this Offering Circular to the Indenture and the Sale Agreement (each as defined herein) do not purport to be complete. Refer to the Indenture and the Sale Agreement for full and complete details of their provisions. Copies of the Indenture and the Sale Agreement are on file with the Trustee.

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

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

**THE PROPOSED SECURITIES TRANSACTIONS DESCRIBED HEREIN WILL BE MADE ON THE BASIS OF EXEMPTIONS FROM REGISTRATION PROVIDED IN THE SECURITIES ACT OF 1933, AS AMENDED.**

**THE SERIES 2017 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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

**INFORMATION CONCERNING OFFERING RESTRICTIONS  
IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**

REFERENCES HEREIN TO THE “ISSUER” MEAN THE SALES TAX SECURITIZATION CORPORATION AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE SERIES 2017 BONDS OFFERED HEREBY.

**MINIMUM UNIT SALES**

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

**NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

THIS OFFERING CIRCULAR IS ONLY BEING DISTRIBUTED TO, AND IS ONLY DIRECTED AT, PERSONS IN THE UNITED KINGDOM WHO (I) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (III) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT (2000) (AS AMENDED) (THE “FSMA”)) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFERING CIRCULAR AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART), DISCLOSED, OR DIRECTED IN THE UNITED KINGDOM TO ANY PERSONS OTHER THAN RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING CIRCULAR RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFERING CIRCULAR OR ANY OF ITS CONTENTS.

**NOTICE TO PROSPECTIVE INVESTORS IN KOREA**

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA UNDER THE *FINANCIAL INVESTMENTS SERVICES AND CAPITAL MARKETS ACT OF KOREA* AND THE DECREES AND REGULATIONS THEREUNDER (THE “FSCMA”). NONE OF THE BONDS MAY BE OFFERED, SOLD AND DELIVERED DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA, INCLUDING THE FSCMA AND THE *FOREIGN EXCHANGE TRANSACTION LAW OF KOREA* AND THE DECREES AND REGULATIONS THEREUNDER (THE “FETL”). FURTHERMORE, THE PURCHASER OF THE BONDS SHALL COMPLY WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO REQUIREMENTS OF KOREA UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

EACH UNDERWRITER WILL REPRESENT AND AGREE THAT IT HAS NOT OFFERED, SOLD OR DELIVERED THE BONDS DIRECTLY OR INDIRECTLY TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA AND WILL NOT OFFER, SELL OR DELIVER THE BONDS DIRECTLY OR INDIRECTLY TO ANY PERSON FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA.





## **NOTICE TO RESIDENTS OF JAPAN**

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED, THE "FIEL"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEL. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF A QUALIFIED INSTITUTIONAL INVESTOR ("QII") DEFINED IN ARTICLE 10 OF THE CABINET ORDINANCE CONCERNING DEFINITIONS UNDER ARTICLE 2 OF THE FIEL (ORDINANCE NO. 14 OF 1993, AS AMENDED). A PERSON WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

## **NOTICE TO INVESTORS IN CANADA**

NO PROSPECTUS HAS BEEN FILED WITH ANY SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN CANADA IN CONNECTION WITH THE OFFERING OF THE BONDS. NO SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS OFFERING CIRCULAR OR THE MERITS OF THE BONDS AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS OFFERING CIRCULAR IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE BONDS IN CANADA.

THE BONDS MAY BE SOLD IN CANADA ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFERING CIRCULAR (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

UPON RECEIPT OF THIS DOCUMENT, EACH CANADIAN INVESTOR HEREBY CONFIRMS THAT IT HAS EXPRESSLY REQUESTED THAT ALL DOCUMENTS EVIDENCING OR RELATING IN ANY WAY TO THE SALE OF THE BONDS (INCLUDING FOR GREATER CERTAINTY ANY PURCHASE CONFIRMATION OR ANY NOTICE) BE DRAWN UP IN THE ENGLISH LANGUAGE ONLY. PAR LA RÉCEPTION DE CE DOCUMENT, CHAQUE INVESTISSEUR CANADIEN CONFIRME PAR LES PRESENTES QU'IL A EXPRESSEMENT EXIGE QUE TOUS LES DOCUMENTS FAISANT FOI OU SE RAPPORTANT DE QUELQUE MANIERE QUE CE SOIT A LA VENTE DES VALEURS MOBILIERES DECRITES AUX PRESENTES (INCLUANT, POUR PLUS DE CERTITUDE, TOUTE CONFIRMATION D'ACHAT OU TOUT AVIS) SOIENT REDIGES EN ANGLAIS SEULEMENT.

#### **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

THIS OFFERING CIRCULAR IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS DESCRIBED HEREIN. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE LTD. OR ON ANY OTHER EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFERING CIRCULAR NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS AS SUCH TERM IS UNDERSTOOD PURSUANT TO ARTICLE 652A OR ARTICLE 1156 OF THE SWISS CODE OF OBLIGATIONS OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD. OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFERING CIRCULAR NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

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## INTRODUCTORY STATEMENT

This Offering Circular sets forth information concerning the issuance by the Sales Tax Securitization Corporation (the “**Corporation**”) of its Sales Tax Securitization Bonds, Series 2017A in the aggregate principal amount of \$[\_\_\_\_\_]” (the “**Series 2017A Bonds**”) and Sales Tax Securitization Bonds, Taxable Series 2017B in the aggregate principal amount of \$[\_\_\_\_\_]” (the “**Series 2017B Bonds**”) and together with the Series 2017A Bonds, the “**Series 2017 Bonds**”). The Corporation is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the provisions of the General Not For Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105), as amended. See “INVESTMENT AND LEGAL CONSIDERATIONS—Bankruptcy of the City”. The Corporation is an instrumentality of, but separate and apart from, the City of Chicago (the “**City**”).

The Series 2017 Bonds are being issued to provide funds for the Corporation to purchase all of the City’s right, title and interest in and to the Sales Tax Revenues (as hereinafter defined) from the City pursuant to the Sale Agreement (as hereinafter defined). Such funds will be applied by the City to refund all of the outstanding City of Chicago Sales Tax Revenue Bonds. In addition, proceeds of the Series 2017 Bonds will be used to pay costs of issuance of the Series 2017 Bonds. See “PLAN OF FINANCE”.

The Series 2017 Bonds will be issued pursuant to a Master Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017 (the “**Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”) and a First Supplemental Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017, by and between the Corporation and the Trustee. The Series 2017 Bonds are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues and the other collateral pledged under the Indenture. In addition to the Series 2017 Bonds, the Indenture permits the issuance of Additional Bonds (as hereinafter defined), subject to the satisfaction of certain conditions set forth in the Indenture, and Subordinated Indebtedness (as hereinafter defined), all as described herein. See “SECURITY FOR THE SECURED OBLIGATIONS—Additional Bonds and Subordinated Indebtedness” herein. The Series 2017 Bonds, together with any Additional Bonds issued under the Indenture, are referred to herein as the “**Bonds**”. The Bonds, together with any Subordinated Indebtedness issued under the Indenture, are referred to herein as the “**Secured Obligations**”.

Public Act 100-23, effective July 6, 2017, adding Division 13 to Article 8 of the Illinois Municipal Code, as amended (the “**Act**”), authorizes any home rule municipality to enter into agreements to assign, sell, transfer or otherwise convey all or any part of any revenues or taxes that it receives from the State Comptroller, the State Treasurer or the Illinois Department of Revenue (the “**Department of Revenue**”) to a corporation, trust or other entity that has been established for the limited purpose of issuing obligations for the benefit of such home rule municipality.

As authorized by the Act, pursuant to an Assignment, Purchase and Sale Agreement dated as of [\_\_\_\_\_] 1, 2017 (the “**Sale Agreement**”), on the date of delivery of the Series 2017 Bonds (the “**Closing Date**”), the City will sell and convey to the Corporation, without recourse (subject to the obligations contained in the Sale Agreement) all right, title and interest of the City on the Closing Date in and to the Sales Tax Revenues. The purchase price to be paid by the Corporation to City under the Sale Agreement consists of: (i) the net proceeds of the Series 2017 Bonds and an instrument (the “**Residual Certificate**”) which will be initially held by the City and will entitle the City to receive all funds that are on deposit in the Residual Fund (“**Residual Revenues**”) each month after the required payments on the Secured Obligations and other payments and deposits required under the Indenture have been made, and (ii) the net proceeds of any Additional Bonds and any Subordinated Indebtedness. On the Closing Date, the City will irrevocably direct the State Comptroller, the State Treasurer and the Director of the Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. Upon receipt of any Sales Tax Revenues, the Trustee will immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund. See “THE SALE AGREEMENT”. The Sales Tax Revenues are not legally available for any other purpose of the City, including payment of the City’s general obligation bonds or any other indebtedness of the City. See “SALES TAX REVENUES—Sales Tax Revenues Not Legally Available for Any Other Purpose”.

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\* Preliminary, subject to change

The “**Sales Tax Revenues**” consist of (a) all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of three separate taxes (collectively, the “**Home Rule Sales Taxes**”) imposed by the City pursuant to its home rule powers and authority granted by State statute and collected by the Department of Revenue (the “**Home Rule Sales Tax Revenues**”), and (b) all amounts payable upon the order of the State Comptroller to or upon the order of the City or the Corporation as transferee resulting from the collection of four separate taxes (collectively, the “**State Sales Taxes**”) imposed by the State and collected by the Department of Revenue (the “**Local Share Sales Tax Revenues**”). See “SALES TAX REVENUES”. Under the Indenture, the Corporation will assign and pledge the Sales Tax Revenues to the Trustee as security for the Secured Obligations. On the Closing Date, the City will irrevocably direct the State Comptroller, the State Treasurer and the Director of the Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. See “SECURITY FOR THE SECURED OBLIGATIONS”.

The Sales Tax Revenues do not include amounts received as a result of certain other sales taxes that are imposed by the City and collected by the City. Such sales taxes that are collected by the City are not part of the Sales Tax Revenues, are not assigned to the Corporation pursuant to the Sale Agreement and are not subject to the lien of the Indenture. See “CITY-COLLECTED SALES TAXES NOT PLEDGED TO SECURED OBLIGATIONS”. Sales Tax Revenues once deposited to the Residual Fund and any other funds that are deposited to the Residual Fund become Residual Revenues. Residual Revenues are paid to or on the order of the holder of the Residual Certificate (initially the City) free and clear of the lien of the Indenture, and Bondholders have no claim on the Residual Revenues. See “SECURITY FOR THE SECURED OBLIGATIONS—Flow of Funds” and “—Residual Revenues Not Pledged to the Secured Obligations” and “THE RESIDUAL CERTIFICATE”.

The Bonds do not constitute a debt of the State of Illinois (the “**State**”) or the City, and neither the State nor the City is liable thereon. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the State or the City, and neither the credit, the revenues nor the taxing power of the State or the City is pledged to the payment of any of the Bonds. The Corporation has no taxing power.

Capitalized terms used in this Offering Circular and not otherwise defined shall have the meanings given such terms in the Indenture. See APPENDIX C — “DEFINITIONS AND SUMMARY OF THE INDENTURE”. For locations of definitions of certain terms used herein, see “Index of Defined Terms” at the end of this Offering Circular.

## **THE SALE AGREEMENT**

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

### **Conveyance of Certain Sales Tax Revenues**

Pursuant to the Sale Agreement, the City will irrevocably sell and convey to the Corporation, absolutely and unconditionally, as of the Closing Date and for the Conveyance Period (as herein defined), without recourse (subject to certain continuing obligations in the Sale Agreement) in accordance with and subject to the terms of the Sale Agreement, all right, title and interest of the City on the Closing Date in and to the Sales Tax Revenues. As consideration for such sale and conveyance of the Sales Tax Revenues by the City to the Corporation, the Corporation will promise to pay and otherwise convey to or upon the order of (i) the City, without recourse, on the Closing Date, the Residual Certificate and the proceeds (net of the Financing Costs) of the Series 2017 Bonds in accordance with and subject to the terms of the Indenture and the Act and (ii) to or upon the order of the City, the net proceeds of any Additional Bonds and any Subordinated Indebtedness. “**Conveyance Period**” means the period of time during which the conveyance of the Sales Tax Revenues by the City to the Corporation pursuant to the Sale Agreement is effective, namely, from the Closing Date until the date on which there are no Secured Obligations remaining Outstanding. “**Financing Costs**” means (i) costs related to the authorization, sale or issuance of Secured Obligations, including costs incurred by the City to the extent the same are to be paid by the Corporation in accordance with the Sale Agreement, (ii) the capitalization of initial operating expenses of the Corporation, (iii) the funding of the Debt Service Reserve Account and any other debt service reserves established under the Indenture,



and (iv) any other fees, discounts, expenses and costs of any kind whatsoever related to issuing, securing and marketing the Secured Obligations.

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

The Sale Agreement provides that the right of the Corporation to receive the Sales Tax Revenues and the right of the City to convey the Sales Tax Revenues, on and after the Closing Date, are each valid and enforceable. During the Conveyance Period for which the Sales Tax Revenues are payable to the Corporation and pledged under the Indenture, the right of the Corporation to receive the Sales Tax Revenues will be superior and prior to, the right and claim of the owner of the Residual Certificate to receive the Residual Revenues. Notwithstanding anything to the contrary in the Indenture or the Residual Certificate, the Trustee will not make any deposits to the Residual Fund unless and until the deposits required to be made by the Indenture as described below under “SECURITY FOR THE SECURED OBLIGATIONS—Flow of Funds” have been made in full.

From and after the Closing Date during the Conveyance Period, all Sales Tax Revenues assigned by the City pursuant to the Act and paid to the Trustee will be applied in accordance with the provisions of the Indenture. In the event the City should receive in error any payments or other funds constituting Sales Tax Revenues after the Closing Date, the City will promptly disburse the same to the Trustee, as directed. Upon receipt of any Sales Tax Revenues, the Trustee shall immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund.

In accordance with the Act, the purchase price of the Sales Tax Revenues payable to the City pursuant to the Sale Agreement corresponding directly or indirectly to the proceeds of the Series 2017 Bonds (net of Financing Costs) shall be deposited, on the Closing Date, into the City Proceeds Account within the Proceeds Fund under, and pursuant to the provisions of, the Indenture, and will be paid to or upon the direction of the City, as determined by the CFO (as defined herein), free from the provisions of the Sale Agreement, except with respect to the covenant of the City described in subsection (d) under “Covenants of the City” below, except that any portion of the purchase price of the Series 2017 Bonds to be used to refund outstanding obligations of the City will be deposited with the respective trustee for such obligations on the Closing Date for the purposes of effectuating such refunding.

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

### **Residual Revenues; Modification of Indenture**

As part of the consideration for the sale to the Corporation by the City of the Sales Tax Revenues, the Corporation agrees to issue the Residual Certificate. In accordance with the Indenture, the Residual Revenues will be paid to the holder of the Residual Certificate promptly upon the application of the Sales Tax Revenues in each month pursuant to the Indenture.

The Sale Agreement provides that regardless of the provisions of the Indenture related to the amendment or modification thereof, the Indenture will not be amended or modified in any manner adverse to (i) the holder of the Residual Certificate without the written consent of the holder of the Residual Certificate (initially the City) or (ii) the City with respect to the disposition of any Secured Obligations issued by the Corporation without the written consent of the City.

## **Covenants of the City**

The City covenants as follows:

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

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

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

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

## **Covenants of the Corporation**

The Corporation covenants as follows:

(a) While any Secured Obligations are outstanding, at least one membership position on the Corporation's board of directors will be reserved for an Independent Director as defined in the Corporation's bylaws as on file with the Secretary of State of Illinois on the Closing Date, provided, however, that the position of Independent Director may remain vacant until such Independent Director is required for a Specified Vote (as defined herein).

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

(c) The Corporation will: (i) have its own separate telephone number, stationery and bank checks signed by it and in its own name, (ii) if it uses any premises, its portion of such premises shall be defined and separately identified, (iii) maintain its books and records separately from the City and any other entity, (iv) segregate its assets from those of the City and any other entity, (v) strictly observe corporate formalities in its dealings, (vi) maintain compliance with the General Not For Profit Corporation Act of the State of Illinois, as amended, (vii) timely and fully perform and comply with all obligations under the Sale Agreement, the Indenture, the Contract of Purchase of the Series 2017 Bonds by and between the Corporation and the Underwriters (as herein defined) and the Residual Certificate (collectively, the “**Transaction Documents**”), and (viii) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or the ability of the Corporation to perform its obligations under the Sale Agreement or any other Transaction Document, without the prior written consent of the City and the Trustee.

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

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

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

#### **Covenant of the Trustee**

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

#### **Amendments**

After issuance of the Series 2017 Bonds, the Sale Agreement may be amended by the City and the Corporation with the consent of the Trustee, but without the consent of any of the holders of the Secured Obligations: (a) to cure any ambiguity; (b) to correct or supplement any provisions in the Sale Agreement; (c) to correct or amplify the description of the Sales Tax Revenues; (d) to add additional covenants for the benefit of the Corporation; (e) to make adjustments necessary to account for administrative changes in the laws of the State related to the distribution of Sales Tax Revenues; or (f) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the Sale Agreement that shall not adversely affect in any material respect the security for the Secured Obligations.

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

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

## SECURITY FOR THE SECURED OBLIGATIONS

### Pledge of Trust Estate

Pursuant to the Indenture, the Secured Obligations, including the Series 2017 Bonds, will be secured by a pledge of and security interest in the “**Trust Estate**”, consisting of: (a) all right, title and interest of the Corporation in and to the Sales Tax Revenues, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, and to bring actions and proceedings for the enforcement of the payment thereof; (b) all right, title and interest of the Corporation in, to and under the Sale Agreement, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, to bring actions and proceeding for the enforcement of the payment thereof and of the State’s non-impairment pledge and agreement authorized by the Act; (c) except as otherwise provided in the Indenture, all of the Corporation’s right, title and interest in money and securities on deposit with the Trustee in the funds and accounts created pursuant to the Indenture (other than the Operating Fund, the City Proceeds Account and the Residual Fund) and any Supplemental Indenture, provided that the priority in which such money and securities are applied to the repayment of the Bonds and Subordinated Indebtedness is as expressly specified in the Indenture; and (d) any and all other property of every kind and nature from time to time, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred to the Trustee as and for additional security under the Indenture by the Corporation or by any person on behalf of the Corporation, including without limitation the money and securities of the Corporation held by the Trustee as security for the Secured Obligations.

The Bonds will be secured by a first priority lien on the Trust Estate. Any Subordinated Indebtedness would be secured by a lien on the Trust Estate that is subject to and subordinate to the lien of the Bonds. All Subordinated Indebtedness is subordinated, to the extent and in the manner provided in the Indenture, to the prior payment of the principal of and interest on the Bonds then due and payable.

The Trust Estate does not include the proceeds of any Secured Obligations held in the City Proceeds Account or any other proceeds of the Secured Obligations paid to or at the direction of the City (but does include the proceeds of the Secured Obligations held in the Capitalized Interest Account). None of the proceeds of the Secured Obligations held in the City Proceeds Account or otherwise paid to or at the direction of the City will in any way be pledged to the payment of the Secured Obligations or be part of the Trust Estate. Each registered owner of Bonds (“**Bondholder**” or “**Holder**”) by purchase of its Bonds, and each holder of Subordinated Indebtedness by purchase of its Subordinated Indebtedness, waives any right in or to any proceeds derived from the issuance of Secured Obligations held in the City Proceeds Account or otherwise paid to or at the direction of the City.

In the Indenture, the Corporation covenants that it will defend, preserve and protect the pledge of the Trust Estate and all of the rights of the holders of Secured Obligations under the Indenture and each Supplemental Indenture.

### Flow of Funds

The Sales Tax Revenues are collected by the Department of Revenue. See “SALES TAX REVENUES—General—Collection and Distribution”. On the Closing Date, the City will irrevocably direct the State Comptroller, the State Treasurer and the Director of the Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two (2) Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund.

Promptly (and in no event later than two Business Days) following the deposit of Sales Tax Revenues into the Securitized Sales Tax Revenue Fund, the Trustee shall withdraw from the Securitized Sales Tax Revenue Fund and transfer and apply such amounts as follows and in the following order of priority:

(i) To the Operating Fund the amount that, together with all other Sales Tax Revenues on deposit therein causes the total amount deposited in such Fund in a Fiscal Year to equal the lesser of (a) \$250,000 (the “**Operating Cap**”) and (b) the budgeted Corporation Expenses for such Fiscal Year;

(ii) to the Interest Account of the Debt Service Fund, an amount equal to (a) any interest then due and unpaid on Outstanding Bonds, plus (b) 150% of the Interest Funding Requirement (as defined below) until the amount on deposit therein is equal to 100% of the interest due on all Outstanding Bonds on the next succeeding January 1 or July 1 (each, an “**Interest Payment Date**”), less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund pursuant to the Indenture prior to the next succeeding Interest Payment Date;

(iii) to the Principal Account of the Debt Service Fund, an amount equal to (a) any principal and Sinking Fund Installments then due and unpaid on Outstanding Bonds, plus (b) 150% of the Principal Funding Requirement (as defined below) until the amount on deposit therein is equal to 100% of the principal and Sinking Fund Installments due on all Outstanding Bonds on the next succeeding January 1 (each, a “**Principal Payment Date**”);

(iv) to reimburse, *pro rata*, each provider or issuer of a Reserve Fund Facility (a “**Provider**”) for the amount payable to such Provider on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto (“**Provider Payments**”), which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider;

(v) upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund the amount set forth in such direction;

(vi) to the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement, if any;

(vii) to the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture;

(viii) to the Corporation, the amount, if any, necessary to pay Operating Expenses specified by a certificate of an Authorized Officer of the Corporation in excess of the Operating Cap for such Fiscal Year or incurred but not paid in the preceding Fiscal Year;

(ix) upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and

(x) to the Residual Fund, any remaining balance, which will promptly be paid to the holder of the Residual Certificate (initially the City) under the terms of the Indenture, the Sale Agreement and the Residual Certificate.

“**Interest Funding Requirement**” means, as of any date, 100% of the interest accrued on all Outstanding Bonds as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve (12) 30-day months.

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

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

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

There is no Debt Service Reserve Fund Requirement for the Series 2017 Bonds.

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

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

### **Residual Revenues Not Pledged to the Secured Obligations**

In accordance with the Indenture and the Sale Agreement, any Sales Tax Revenues and any other funds deposited to the Residual Fund become Residual Revenues upon such deposit. Residual Revenues will promptly be paid to the holder of the Residual Certificate (initially the City) free and clear of the lien of the Indenture, upon deposit to the Residual Fund following the application of the Sales Tax Revenues as described above under “—Flow of Funds”. The Residual Revenues are funds of the holder of the Residual Certificate (initially the City). The City may apply the Residual Revenues for any purpose and may incur indebtedness secured by the Residual Revenues. The Trustee and the holders of the Secured Obligations have no claim on the Residual Revenues under any circumstance, including a deficiency in the Sales Tax Revenues.

### **Events of Default and Remedies**

#### *Events of Default*

An “**Event of Default**” under the Indenture means any one of the following events:

(a) payment of the principal or Redemption Price of any Bond is not made by the Corporation when due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) payment of an installment of interest on any Bond is not made by the Corporation when due and payable;

(c) the Corporation defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Indenture or in the Bonds or in any Supplemental Indenture on the part of the Corporation to be performed and such default shall continue for ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, unless, if such default is capable of being cured but is not capable of being cured within ninety (90) days, the Corporation has commenced to cure such default within said ninety (90) days and diligently prosecutes the cure thereof; or

(d) the Corporation shall (1) generally not be paying its debts as they become due, (2) commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding by any such official in an involuntary case or other proceeding commenced against it, (3) make a general assignment for the benefit of its creditors, (4) declare a moratorium or (5) take any corporate action to authorize any of the foregoing; or

(e) a trustee in bankruptcy, custodian or receiver for the Corporation or any substantial part of its property shall have been appointed and the same has not been discharged within ninety (90) days after such appointment.

#### *Remedies*

If an Event of Default occurs:

(i) The Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall, protect and enforce its rights and the rights of the Bondholders under the Indenture or under any Supplemental Indenture or under the laws of the State by such suits, actions or special proceedings in equity or at law: (a) for specific performance of any covenant in the Indenture or any Supplemental Indenture or in aid or execution of any power granted in the Indenture or any Supplemental Indenture, or (b) for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or (c) for the enforcement of any proper legal or equitable remedy as the Trustee deems most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it under the Indenture, including but not limited to the Sale Agreement, and of its rights and obligations under the Act.

(ii) The Trustee shall give notice of each Event of Default known to it to the Corporation, the holder of the Residual Certificate and each Provider within ten (10) days after knowledge of the occurrence thereof and to the Holders of Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. In the case of an Event of Default other than an Event of Default described in clause (a) or (b) of the definition of "Event of Default" above, the Trustee may withhold notice thereof to the Holders of Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds. The Holders of a majority in principal amount of the Outstanding Bonds shall have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture and each Supplemental Indenture.

Neither the Trustee nor the holders of Secured Obligations have the right to sell or foreclose on the Sales Tax Revenues or the rights of the Corporation under the Sale Agreement. An Event of Default will not result in acceleration of any of the Secured Obligations.

#### *Priority of Payments after Default*

If at any time the money held by the Trustee under the Indenture and under each Supplemental Indenture is not sufficient to pay the principal of and interest on the Bonds as they become due and payable, such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Indenture or otherwise, shall be applied (after payment of all amounts owing to the Trustee under the Indenture) as follows:

(i) First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

(ii) Second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption in the order of their due dates

and, if the amount available shall not be sufficient to pay in full all such amounts due on any date, then to the payment thereof ratably, according to the amount of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

### **Additional Bonds and Subordinated Indebtedness**

#### *Additional Bonds*

The Indenture permits the issuance of additional indebtedness, including Bonds other than the Series 2017 Bonds (“**Additional Bonds**”, which term includes Bonds issued for the purpose of refunding any Outstanding Bonds (“**Refunding Bonds**”).

Additional Bonds may be issued to make payment to or upon the order of the Corporation for the benefit of the City, including to provide for payment of the principal of and interest on notes, bonds or other obligations of the City, and for the funding or refunding of Bonds or other notes, bonds or other indebtedness of the Corporation (including interest thereon). Additional Bonds will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other requirements of the Indenture) of:

(a) a certificate of the Corporation demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 400% of Maximum Annual Debt Service after giving effect to the issuance of the Bonds and all other Bonds previously issued during such Fiscal Year (exclusive of Capitalized Interest and defeased Bonds on or prior to the date of issuance of the Bonds then to be issued, including as a result of the issuance of the Bonds then to be issued), provided that in connection with the issuance of any Additional Bonds prior to January 1, 2019, Sales Tax Revenues will include all Home Rule Sales Tax Revenues and all Local Share Sales Tax Revenues that were paid to the City in the most recently completed Fiscal Year prior to the issuance of the Series 2017 Bonds; or

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

For more information concerning the provisions of the Indenture applicable to the issuance of Additional Bonds, see APPENDIX C — “DEFINITIONS AND SUMMARY OF THE INDENTURE”.

#### *Subordinated Indebtedness*

The Corporation reserves the right to incur indebtedness pursuant to a Supplemental Indenture in furtherance of its corporate purposes secured by a lien on the Trust Estate that is subject to and subordinate to the first priority lien on the Trust Estate granted to Holders of Outstanding Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund (“**Subordinated Indebtedness**”). Subordinated Indebtedness must be authorized by an ordinance of the City which approves the amount and the terms of such Subordinated Indebtedness and the purposes for which the proceeds of such Subordinated Indebtedness will be used. All Subordinated Indebtedness will be subordinated to the prior payment of the principal of and interest on the Bonds then due and payable, to the extent and in the manner provided in the Indenture. See APPENDIX C — “DEFINITIONS AND SUMMARY OF THE INDENTURE”.

### **Certain Covenants of the State and the City**

#### *Covenants of the State Contained in the Act*

In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in the State Comptroller, the State Treasurer, or the Department of Revenue by the



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

*Covenants of the City Contained in the Sale Agreement*

*Collection of Sales Tax Revenues.* The City will use all reasonable efforts to pursue any action legally available to it to cause its collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (a) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (b) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (c) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Indenture, and (d) any other deposits or other amounts required by the provisions of the Indenture for such Fiscal Year. The Corporation includes this pledge and agreement of the City in the Indenture.

*Protection of Title; Non-Impairment Covenant.* The City has irrevocably directed the Director of the Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee as the assignee of the Corporation. The City will take no action that would in any way materially adversely (a) impair the Corporation's right to receive the Sales Tax Revenues, (b) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the holders of the Secured Obligations, or (c) impair the rights and remedies of the holders of the Secured Obligations or the security for the Secured Obligations until the Secured Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the Secured Obligations, are fully paid and discharged; provided, however, that the remedies available to the Corporation and the holders of the Secured Obligations for any breach of the pledges and agreements of the City set forth in [the Sale Agreement] are limited to injunctive relief.

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

*Tax Covenant.* The City will at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt bonds issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code and applicable regulations issued thereunder. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, obligations or investment property the acquisition or holding of which would cause any tax-exempt bond to be an "arbitrage bond" as defined in the Code and any applicable regulations issued thereunder. The City will not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in interest paid to the holders of any such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City will execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of any such tax-exempt Secured Obligations (including the Series 2017A Bonds).

## **Limited Obligations; No Indebtedness of City**

The Secured Obligations, including the Series 2017 Bonds, are limited obligations of the Corporation and payable solely from the Sales Tax Revenues and the other collateral pledged under the Indenture. The Secured Obligations do not represent or constitute a debt of the City or of the State within the meaning of any constitutional or any statutory limitation or a pledge of the faith and credit of the City or the State or grant to the holders thereof any right to have the City or the General Assembly of the State levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of or interest on the Secured Obligations. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the State or the City, and neither the credit, the revenues nor the taxing power of the State or the City is, or shall be deemed to be, pledged to the payment of any of the Secured Obligations. The Corporation has no taxing power.

The Indenture does not create indebtedness of the City for any purpose, including constitutional or statutory limitations.

## **SALES TAX REVENUES**

### **General**

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

#### *Home Rule Sales Tax Revenues*

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

(i) The Home Rule Municipal Retailers' Occupation Tax ("**Home Rule Municipal Retailers' Occupation Tax**") is currently imposed at a rate of 1.25 percent on the sale of most items of nontitled tangible personal property by retailers in the City. This tax must be imposed in increments of 0.25 percent, and can only be imposed if the City also imposes a municipal service occupation tax.

(ii) The Home Rule Municipal Service Occupation Tax ("**Home Rule Municipal Service Occupation Tax**") is currently imposed at a rate of 1.25 percent on service providers when tangible personal property is transferred within the course of performing a service in the City. The tax is measured on the selling price of the transferred property. This tax must be imposed at the same rate as the Home Rule Municipal Retailers' Occupation Tax described in subsection (i) above.

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

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

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

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

#### *Local Share Sales Tax Revenues*

The Local Share Sales Tax Revenues result from the collection of the State Sales Taxes, as imposed by the State pursuant to the Retailers' Occupation Tax Act (35 ILCS 120), the Service Occupation Tax Act (35 ILCS 115), the Use Tax Act (35 ILCS 105) and the Service Use Tax Act (35 ILCS 110) (collectively, the "**State Sales Tax Statutes**"), each as supplemented and amended, or successor or substitute taxes therefor as provided by law in the future. The State Sales Tax Statutes require that the Department of Revenue deposit the net receipts from collections of these taxes into various State funds, including the Local Government Tax Fund and the State and Local Sales Tax Reform Fund, both special funds in the State Treasury. Pursuant to the State Finance Act (30 ILCS 105) (the "**State Finance Act**"), distributions of such net receipts are to be made to designated recipients, including the City, from the Local Government Tax Fund and from the State and Local Sales Tax Reform Fund. Pursuant to the State Finance Act, distributions from the Local Government Tax Fund are not subject to annual appropriation by the State General Assembly while distributions from the State and Local Sales Tax Reform Fund are subject to annual appropriation by the State General Assembly.

(i) The Illinois Retailers' Occupation Tax ("**Illinois Retailers' Occupation Tax**") is currently imposed at the rate of 6.25 percent on gross receipts from sales of nontitled tangible personal property (other than soft drinks, grocery food, drugs and medical appliances) and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances by Illinois retailers. The Illinois Retailers' Occupation Tax Act provides that the Department of Revenue shall deposit a portion of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on general merchandise and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated, and pursuant to the Sale Agreement will assign to the Corporation, 100 percent of the amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City.

(ii) The Illinois Service Occupation Tax ("**Illinois Service Occupation Tax**") is currently imposed at the rate of 6.25 percent on sales of nontitled tangible personal property (other than grocery food, drugs and medical appliances) and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances on service providers when tangible personal property is transferred as an incident of a sale of a service. The Illinois Service Occupation Tax Act provides that the Department of Revenue shall deposit a portion of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on general merchandise and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated, and pursuant to the Sale Agreement will assign to the Corporation, 100 percent of the amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City.

(iii) The Illinois Use Tax (“**Illinois Use Tax**”) is currently imposed at the rate of 6.25 percent on the privilege of using most items of personal property (other than grocery food, drugs and medical appliances) purchased outside the State and at the rate of 1.00 percent on grocery food, drugs and medical appliances purchased outside the State. The Illinois Use Tax Act provides that the Department of Revenue shall deposit portions of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on tangible personal property titled or registered by a State governmental agency) and in the State and Local Sales Tax Reform Fund (20 percent of the tax on general merchandise other than titled personal property and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated, and pursuant to the Sale Agreement will assign to the Corporation, 100 percent of the amounts deposited in the Local Government Tax Fund from this tax for the sale of titled or registered items for which State addresses for titling or registration purposes are given as being in the City. The City is allocated, and will assign to the Corporation, 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund from this tax.

(iv) The Illinois Service Use Tax (“**Illinois Service Use Tax**”) is currently imposed at the rate of 6.25 percent on the privilege of using most items of personal property (other than grocery food, drugs and medical appliances) and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances, in both cases transferred as an incident to the sale of a service from a service provider who does not have a physical nexus within the State. The Illinois Service Use Tax Act provides that the Department of Revenue deposit a portion of the net receipts of this tax in the State and Local Sales Tax Reform Fund (20 percent of the tax on general merchandise other than titled personal property and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated, and pursuant to the Sale Agreement will assign to the Corporation, 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund from this tax.

Any change in the tax rates or amount of net tax receipts allocated to the City constituting Local Share Sales Tax Revenues would require the enactment of legislation by the Illinois General Assembly. See “INVESTMENT AND LEGAL CONSIDERATIONS—Adverse Change in Laws”. In the Act, the State pledges to and agrees with the City that the State will not limit or alter the basis on which the City’s share or percentage of Sales Tax Revenues is derived, or the use of the Sales Tax Revenues, so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City. See “SECURITY FOR THE SECURED OBLIGATIONS—Certain Covenants of the State and the City—Covenants of the State Contained in the Act”.

#### *Collection*

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

#### *Distribution*

Except as noted above with respect to the Illinois Service Use Tax and portions of the Illinois Use Tax, the Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues are payable without annual appropriation by the Illinois General Assembly.

Pursuant to the Home Rule Sales Tax Statutes, the Department of Revenue pays over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected thereunder. Each of the Home Rule Sales Tax Statutes provides that on or before the 25th day of each calendar month, the Department of Revenue prepares and certifies to

the State Comptroller the disbursement of amounts due to each municipality. With respect to each Home Rule Sales Tax, the amount to be paid to each municipality is the amount collected during the second preceding calendar month under the applicable Home Rule Sales Tax Statute, not including refunds made during the second preceding calendar month by the Department of Revenue on behalf of the applicable municipality, less the two percent administrative fee described above. Each of the Home Rule Sales Tax Statutes provides that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller will cause the orders to be drawn for the respective amounts in accordance with the Department of Revenue’s certification.

Pursuant to the State Sales Tax Statutes, each month the Department of Revenue pays into (i) the Local Government Tax Fund (a) a percentage of the net revenue (16 percent of the 6.25 percent tax on general merchandise and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Retailers’ Occupation Tax and the Illinois Service Occupation Tax and (b) 16 percent of the net revenue realized for the preceding month from the Illinois Use Tax of 6.25 percent on the sale of titled personal property and (ii) the State and Local Sales Tax Reform Fund a percentage of the net revenue (20 percent of the 6.25 percent tax on general merchandise, excluding the sales of titled personal property, and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Use Tax and the Illinois Service Use Tax. “Net revenue” is the revenue collected by the State pursuant to the applicable State Sales Tax Statute, less the amount paid out during that month as refunds to taxpayers for overpayment of liability. With respect to amounts paid into the Local Government Tax Fund, the State Finance Act provides that on or before the 25th day of each calendar month, the Department of Revenue prepares and certifies to the State Comptroller the disbursement of amounts due to each municipality from amounts collected during the second preceding calendar month on deposit in the Local Government Tax Fund. The State Finance Act provides that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller will cause the orders to be drawn for the respective amounts in accordance with the Department of Revenue’s certification. With respect to amounts paid into the State and Local Sales Tax Reform Fund, the State Finance Act provides that, subject to appropriation to the Department of Revenue, the City will receive its allocable percentage of the money paid into the State and Local Sales Tax Reform Fund.

The Department of Revenue charges administrative fees for collection of the Home Rule Sales Taxes. Pursuant to the Home Rule Municipal Retailers’ Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act, effective July 6, 2017, the Department of Revenue retains two percent of collections of the Home Rule Municipal Retailers’ Occupation Tax and the Home Rule Service Occupation Tax. Pursuant to the Home Rule Municipal Use Tax Act, effective September 1, 2014, the Department of Revenue retains two percent of collections of the Home Rule Municipal Use Tax.

On the Closing Date, the City will irrevocably direct the State Comptroller, the State Treasurer and the Director of the Department of Revenue to distribute all Sales Tax Revenues directly to the Trustee. See “SECURITY FOR THE SECURED OBLIGATIONS”. [From and after the Closing Date, the Sales Tax Revenues will be deposited to the Securitized Sales Tax Revenue Fund without any action of the Trustee or the Corporation.]

The following chart summarizes the flow of Sales Tax Revenues.

[\*\*Table to be inserted\*\*]

## Historical Collections of Sales Tax Revenues

### *Annual Collections*

The following table shows the historical annual Sales Tax Revenues on a cash basis from 2008 through 2017. The unaudited annual Sales Tax Revenues for 2017 are figures derived from the City's general ledger.

### Annual Sales Tax Revenues 2008-2017 (Dollars in Thousands)

<b>Year Ended December 31,</b>	<b>Home Rule Sales Tax Revenues<sup>(2)</sup></b>	<b>Percent Change Over Prior Year</b>	<b>Local Share Sales Tax Revenues</b>	<b>Percent Change Over Prior Year</b>	<b>Total Pledged Sales Tax Revenues</b>	<b>Percent Change Over Prior Year</b>
2008	\$240,710	-	\$280,517	-	\$521,227	-
2009	213,338	(11.4)	255,427	(8.9)	468,765	(10.1)
2010	219,295	2.8	258,666	1.3	477,961	2.0
2011	235,908	7.6	281,189	8.7	517,097	8.2
2012	251,055	6.4	295,912	5.2	546,967	5.8
2013	263,984	5.1	312,378	5.6	576,361	5.4
2014	276,192	4.6	327,379	4.8	603,571	4.7
2015	292,512	5.9	352,841	7.8	645,353	6.9
2016	295,299	1.0	363,448	3.0	658,746	2.1
2017 <sup>(1)</sup>	242,259	N/A	304,593	N/A	546,853	N/A

Source: City of Chicago

<sup>(1)</sup> Through October 31, 2017. Unaudited.

<sup>(2)</sup> Shown net of all past fees and will be net of all applicable fees going forward.

*Monthly Collections*

The following tables show the historical monthly Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues on a cash basis from January 1, 2013 through October 31, 2017. The unaudited monthly Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues for 2017 are figures derived from the City's general ledger.

**Monthly Home Rule Sales Tax Revenues  
2013-2017  
(Dollars in Thousands)**

<b>Month</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017<sup>(1)</sup></b>
January	\$21,471	\$22,336	\$24,223	\$25,571	\$25,379
February	20,847	21,837	23,170	23,447	24,036
March	24,175	25,150	26,741	27,727	27,607
April	18,325	17,842	19,616	19,930	20,064
May	18,409	19,075	20,043	21,338	20,301
June	21,801	22,934	24,079	24,345	24,033
July	21,613	23,198	23,867	23,015	23,935
August	23,423	24,739	25,413	25,242	25,163
September	24,172	25,051	26,724	27,256	26,535
October	22,778	23,985	25,915	25,831	25,205
November	23,999	24,455	26,876	25,842	
December	22,971	25,591	25,845	25,755	
	<u>\$263,984</u>	<u>\$276,192</u>	<u>\$292,512</u>	<u>\$295,299</u>	<u>\$242,259</u>

Source: City of Chicago

<sup>(1)</sup> Through October 31, 2017. Unaudited.

**Monthly Local Share Sales Tax Revenues  
2013- 2017  
(Dollars in Thousands)**

<b>Month</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017<sup>(1)</sup></b>
January	\$25,728	\$26,638	\$29,175	\$30,726	\$31,241
February	24,952	25,857	27,901	22,402	29,967
March	29,540	31,452	34,018	42,040	36,939
April	22,995	22,278	23,044	25,738	26,245
May	19,487	22,637	25,642	27,057	25,812
June	29,347	27,112	29,395	30,541	30,631
July	25,572	26,927	29,269	28,769	29,353
August	26,478	28,556	29,895	30,717	30,940
September	28,415	29,386	25,409	33,223	32,517
October	26,289	27,850	24,482	30,390	30,948
November	26,871	28,647	24,593	30,525	
December <sup>(2)</sup>	26,701	30,039	50,017	31,318	
	<u>\$312,378</u>	<u>\$ 327,379</u>	<u>\$352,841</u>	<u>\$363,448</u>	<u>\$304,593</u>

Source: City of Chicago

<sup>(1)</sup> Through October 31, 2017. Unaudited.

<sup>(2)</sup> The City's receipt of its allocable portions of the Illinois Use Tax and the Illinois Service Use Tax was delayed in September, October and November 2015, because the Illinois General Assembly did not make the appropriation required for the City to receive such revenues. The appropriation was made, and the City received the revenues which it was to have received, in December 2015. See "INVESTMENT AND LEGAL CONSIDERATIONS—Factors Affecting Sales Tax Revenues—State Actions".

*Components of Annual Collections*

The following table shows on a cash basis the components of the Sales Tax Revenues from January 1, 2013 through October 31, 2017. Certain unaudited components of Sales Tax Revenues for 2017 are figures derived from the City’s general ledger.

**Components of Sales Tax Revenues  
2013-2017  
(Dollars in Thousands)**

Tax	2013		2014		2015		2016		2017 <sup>(1)</sup>	
	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total
<b>Home Rule Sales Taxes:</b>										
Retailers’ and Service Occupation.....	\$234,359	40.7%	\$242,820	40.2%	\$255,134	39.5%	\$257,053	39.0%	\$211,608	38.7%
Use.....	29,624	5.1	33,372	5.5	37,378	5.8	38,246	5.8	30,651	5.6
<b>State Sales Taxes:</b>										
Retailers’ and Service Occupation <sup>(2)</sup> .....	252,972	43.9	261,989	43.4	278,490	43.2	283,598	43.1	234,134	42.8
Use <sup>(3)</sup> .....	59,406	10.3	65,390	10.8	74,351	11.5	79,849	12.1	70,459	12.9
Total .....	<u>\$576,361</u>	<u>100.0%</u>	<u>\$603,571</u>	<u>100.0%</u>	<u>\$645,353</u>	<u>100.0%</u>	<u>\$658,746</u>	<u>100.0%</u>	<u>\$546,853</u>	<u>100.0%</u>

Source: City of Chicago

<sup>(1)</sup> Through October 31, 2017. Unaudited.

<sup>(2)</sup> Includes Illinois Use Tax on titled personal property.

<sup>(3)</sup> Excludes Illinois Use Tax on titled personal property.

**Sales Tax Revenues Not Legally Available for Any Other Purpose**

Pursuant to the Act, the State has exercised its right to control the disposition of the Sales Tax Revenues and determined that the Sales Tax Revenues, once sold, are no longer property of the City. Once sold pursuant to the Sale Agreement, the Sales Tax Revenues are not legally available for any other purpose of the City, including payment of the City’s general obligation bonds or any other indebtedness of the City.

**CITY-COLLECTED SALES TAXES NOT PLEDGED TO SECURED OBLIGATIONS**

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

The City-Collected Sales Taxes are funds of the City. The City-Collected Sales Taxes are not included in the Sales Tax Revenues, are not assigned to the Corporation pursuant to the Sale Agreement and are not subject to the lien of the Indenture. The City may apply the City-Collected Sales Taxes for any purpose and may incur indebtedness secured by the City-Collected Sales Taxes. The Trustee and the holders of the Secured Obligations have no right to the City-Collected Sales Taxes under any circumstance, including a deficiency in the Sales Tax Revenues.



## THE SERIES 2017 BONDS

*The following summary describes certain terms of the Series 2017 Bonds. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Series 2017 Bonds. Copies of the Indenture may be obtained upon written request to the Trustee.*

### General

The Series 2017 Bonds will be dated the date of delivery, will mature on January 1, and will bear interest from the dated date until paid or redeemed, payable semiannually on each January 1 and July 1, commencing July 1, 2018. The Series 2017 Bonds will bear interest at the rates per year, and will mature in the principal amounts on January 1 in each year, as set forth on the inside cover page of this Offering Circular. Interest on the Series 2017 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2017 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiples thereof (each an “**Authorized Denomination**”).

Interest on the Series 2017 Bonds will be payable by check mailed to the registered owner thereof at the address thereof as it appears on the registry books of the Corporation as of the 15th day (whether or not a Business Day) of the calendar month next preceding each interest payment date (the “**Record Date**”) or, at the option of any owner of \$1,000,000 or more in aggregate principal amount of the Series 2017 Bonds, by wire transfer of immediately available funds to such bank in the continental United States as such owner requests in writing.

The Series 2017 Bonds will initially be registered through a book-entry only system operated by The Depository Trust Company, New York, New York (“**DTC**”). Beneficial interests in the Series 2017 Bonds may be held through DTC, Clearstream Banking, société anonyme, Luxembourg (“**Clearstream Banking**”) or Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”), directly as a participant or indirectly through organizations that are participants in such system. Details of payments of the Series 2017 Bonds and the book-entry only system are described in APPENDIX A — “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES”. Except as described in APPENDIX A — “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES”, beneficial owners of the Series 2017 Bonds will not receive or have the right to receive physical delivery of the Series 2017 Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Direct Participant or Indirect Participant (as defined in APPENDIX A — “BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES”), the Direct or Indirect Participant who will act on behalf of such beneficial owner to receive notices and payments of principal or Redemption Price of and interest on the Series 2017 Bonds, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner’s Direct or Indirect Participant, to evidence its beneficial ownership of the Series 2017 Bonds. So long as DTC or its nominee is the registered owner of the Series 2017 Bonds, references herein to Bondholders or registered owners of such Series 2017 Bonds means DTC or its nominee and do not mean the beneficial owners of such Series 2017 Bonds.

## Redemption<sup>\*</sup>

### *Series 2017A Bonds*

#### *Optional Redemption*

The Series 2017A Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an Authorized Denomination) on any date on or after [\_\_\_\_\_] at a Redemption Price of par plus any accrued interest thereon to the date fixed for redemption.

#### *Mandatory Redemption from Sinking Fund Installments*

The Series 2017A Bonds maturing on January 1, [\_\_\_\_\_] and January 1, [\_\_\_\_\_] are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100% of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

#### **Series 2017A Bonds maturing on January 1, [\_\_\_\_\_]**

Year ( <u>January 1</u> )	Principal <u>Amount</u>
------------------------------	----------------------------

†

\_\_\_\_\_  
† Stated maturity

#### **Series 2017A Bonds maturing on January 1, [\_\_\_\_\_]**

Year ( <u>January 1</u> )	Principal <u>Amount</u>
------------------------------	----------------------------

†

\_\_\_\_\_  
† Stated maturity

The Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Series 2017A Bonds to be redeemed from such Sinking Fund Installment. The principal amount of each Series 2017A Bond so canceled will be credited against the Sinking Fund Installment due on such date.

#### *Selection of Series 2017A Bonds to be Redeemed*

If less than all of the Series 2017A Bonds of a single maturity and tenor are to be redeemed, the particular Series 2017A Bonds of such maturity to be redeemed shall be selected by lot by the Trustee by such method of selection as it shall deem proper in its discretion.

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<sup>\*</sup> Preliminary, subject to change

### ***Series 2017B Bonds***

#### ***Optional Redemption***

The Series 2017B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, in whole or in part (and, if in part, in an Authorized Denomination) on any date on or after [\_\_\_\_\_] at a Redemption Price of par plus any accrued interest thereon to the date fixed for redemption.

#### ***Make Whole Optional Redemption***

The Series 2017B Bonds are subject to redemption prior to maturity, at the election or direction of the Corporation, on any date, in whole or in part, and if in part from such maturities and interest rates as shall be determined by the Corporation on any Business Day (as defined below) at a redemption price equal to the greater of: (A) the principal amount of such Series 2017B Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Series 2017B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such Series 2017B Bonds are to be redeemed, discounted to the date of redemption of such Series 2017B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus \_\_\_ basis points plus accrued interest on such Series 2017B Bonds being redeemed to the date fixed for redemption.

The make whole optional redemption price of any Series 2017B Bond to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “**Calculation Agent**”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the make whole optional redemption price and will not be liable for such reliance. The Corporation shall confirm and transmit the redemption price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

The “**Treasury Rate**” is, as of any redemption date for a Series 2017B Bond, the time-weighted interpolated average yield for a term equal to the Make Whole Period of the yields of the two U.S. Treasury nominal securities at “constant maturity” (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two (2) Business Days (as defined below) nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) maturing immediately preceding and succeeding the Make Whole Period. The Treasury Rate will be determined by the Calculation Agent or an independent accounting firm, investment banking firm, or financial advisor retained and compensated by the Corporation at as a Corporation Expense.

“**Make Whole Period**” means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year consisting of twelve 30-day months, between the redemption date and the remaining weighted average life of each Series 2017B Bond to be redeemed.

“**Business Day**” for purposes of this section “— *Make Whole Optional Redemption*” means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the Trustee maintains its designated office are required or authorized to close.

*Mandatory Redemption from Sinking Fund Installments*

The Series 2017B Bonds maturing on January 1, [\_\_\_\_] and January 1, [\_\_\_\_] are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100% of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

**Series 2017B Bonds maturing on January 1, [\_\_\_\_]**

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
-----------------------------------	-----------------------------------

†

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† Stated maturity

**Series 2017B Bonds maturing on January 1, [\_\_\_\_]**

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
-----------------------------------	-----------------------------------

†

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† Stated maturity

The Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than twenty (20) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Series 2017B Bonds to be redeemed from such Sinking Fund Installment. The principal amount of each Series 2017B Bond so canceled will be credited against the Sinking Fund Installment due on such date.

*Selection of Series 2017B Bonds to be Redeemed*

If less than all of the Series 2017B Bonds of a single maturity are to be redeemed, the particular Series 2017B Bonds or portions thereof to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC procedures, provided that the selection for redemption of such Series 2017B Bonds will be made in accordance with the operational arrangements of DTC then in effect.

It is the Corporation's intent that redemption allocations made by DTC be made on a pro-rata pass-through distribution of principal basis as described above. However, none of the Corporation, the Underwriters or the Trustee can provide any assurance that DTC, DTC's Participants or any other intermediary will allocate the redemption of Series 2017B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2017B Bonds on a pro-rata pass-through distribution of principal basis as discussed above, then the Series 2017B Bonds will be selected for redemption in accordance with DTC procedures, by lot.

***Notice of Redemption***

When Bonds are to be redeemed, the Trustee will give notice of the redemption of the Bonds in the name of the Corporation which notice will specify the Bonds to be redeemed, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; the numbers and other distinguishing marks of the

Bonds to be redeemed, including CUSIP numbers; the redemption date; the Redemption Price, if then known; and the principal amount of each Bond to be redeemed. If the Corporation's obligation to redeem the Bonds is subject to conditions, the notice will include a statement to that effect and of the conditions to such redemption. Such notice shall further state that, if on such date all conditions to redemption have been satisfied, there shall become due and payable on such date upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

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

### ***Payment of Redeemed Bonds***

Notice having been given by mail in the manner described above, the Bonds or portions thereof so called for redemption will become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, at the office or offices specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there is drawn for redemption less than all of the principal amount of a Bond, the Corporation will execute and the Trustee will authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as described above, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Indenture. If such money is not available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## **THE CORPORATION**

The Corporation is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the provisions of the General Not For Profit Act of 1986 of the State of Illinois, as amended, and organized in accordance with an ordinance adopted by the City Council of the City (the "**Council**") on October 11, 2017 (the "**Ordinance**"). The Corporation is a non-stock corporation, has no members, and is governed by a board of directors (the "**Board**"). Except as described below with respect to a Specified Vote (as defined below), the Board has five voting directors which consist of (i) *ex officio*, the Chief Financial Officer of the City (the "**CFO**"), (ii) *ex officio*, the Budget Director of the City, (iii) *ex officio*, the Comptroller of the City, (iv) the Chair (the "**Finance Chair**") of the Committee on Finance of the City Council (the "**Finance Committee**") or, in lieu of the Finance Chair, a member of the Finance Committee (the "**Finance Committee Designee**") designated by the Finance Chair and approved by the Mayor of the City (the "**Mayor**") and (v) the Chair (the "**Budget Chair**") of the Committee on Budget and Government Operations of the City Council (the "**Budget Committee**") or, in lieu of the Budget Chair, a member of the Budget Committee designated by the Budget Chair and approved by the Mayor (the "**Budget Committee Designee**"). The size of the Board will be increased to six voting directors in the event that the Board determines to take an action that would constitute a Specified Vote (as defined below), in which case the sixth voting member of the Board (the "**Independent Director**") will be a director independent of the City who has not been, in the preceding five years: (a) a direct or indirect legal or beneficial owner in the Corporation or any person or entity that, directly or indirectly through one or more intermediaries, has a 10 percent or more voting or economic interest in the Corporation or controls, is controlled by or is under common control with the Corporation (each such person or entity, an "**Affiliate**"); (b) a creditor, supplier, employee, officer, family member, manager, or contractor of the Corporation or any of its Affiliates; or (c) a person who controls (whether directly, indirectly, or otherwise) the Corporation or any of its Affiliates.

The bylaws of the Corporation provide that an Independent Director must be appointed to the Board prior to any vote of the Board to: (1) cause the Corporation to file, consent to the filing of, or join in any filing of a petition for bankruptcy or commence a proceeding to liquidate, wind up or otherwise cease operations (in taking such action, the Board shall consider the interests of the creditors of the Corporation in connection with all such actions); (2) dissolve, liquidate, consolidate, combine, merge or sell substantially all of its assets (subject to the provision in the Corporation’s bylaws that while any portion of any obligation issued by the Corporation is outstanding, the Corporation may not dissolve, liquidate, consolidate, merge or sell the assets of the Corporation pledged to the payment of such obligations); (3) amend the Corporation’s bylaws or any other organizational documents of the Corporation in a manner adverse to the interests of the holders of any obligations of the Corporation then outstanding; or (4) take any other action which could be adverse to the interests of any holders of then-outstanding obligations issued by the Corporation (a “**Specified Vote**”). Any Specified Vote shall become effective only upon the affirmative vote of all members of the Board, including the Independent Director, and a Specified Vote may not be taken or become effective during any period in which there is a vacancy in any director position.

The names of the Corporation’s current directors and officers, and their principal occupations, are set out below. The CFO also serves as Chair of the Board.

The current directors of the Corporation are:

<u>Name</u>	<u>Title of Principal Occupation</u>
Carole L. Brown	Chief Financial Officer of the City
Samantha Fields	Budget Director of the City
Erin Keane	Comptroller of the City
Edward M. Burke	Chair of the Committee on Finance of the City Council
Carrie M. Austin	Chair of the Committee on Budget and Government Operations of the City Council

The current officers of the Corporation are:

<u>Name</u>	<u>Office</u>	<u>Title of Principal Occupation</u>
Carole L. Brown	President	Chief Financial Officer of the City
Kelly Flannery	Secretary-Treasurer	Deputy Chief Financial Officer of the City

The Corporation has no other officers or directors.

### **THE RESIDUAL CERTIFICATE**

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

### **PLAN OF FINANCE**

The Series 2017 Bonds are being issued to provide funds for the Corporation to purchase all of the City’s right, title and interest in and to the Sales Tax Revenues from the City. Such funds will be applied by the City to refund all of the outstanding City of Chicago Sales Tax Revenue Bonds (the “**Refinanced Obligations**”). In addition, proceeds of the Series 2017 Bonds will be used to pay costs of issuance of the Series 2017 Bonds. See APPENDIX D — “SUMMARY OF REFINANCED OBLIGATIONS” for a list of the Refinanced Obligations to be refunded with the proceeds of the Series 2017 Bonds.

Pursuant to the Sale Agreement, the portion of the proceeds of the Series 2017 Bonds to be used to refund the Refinanced Obligations will be deposited with the trustee for the Refinanced Obligations on the Closing Date. The City will enter into one or more escrow deposit agreements with the trustee for the Refinanced Obligations with respect to the funds deposited with the trustee. Pursuant to the escrow deposit agreements, the amounts deposited will be invested in obligations (the “**Refinanced Obligations Defeasance Obligations**”) the interest on and principal of which will be used to pay the interest on the Refinanced Obligations when due and the principal amount or redemption price of the Refinanced Obligations on the applicable maturity date or redemption date, as set forth in APPENDIX D — “SUMMARY OF REFINANCED OBLIGATIONS”.

[\*\*Language to be included describing additional Bonds to be issued.\*\*]

### **ESTIMATED SOURCES AND USES OF FUNDS**

The expected application of the proceeds of the Series 2017 Bonds is set forth below.

#### ***Sources of Funds:***

Aggregate Principal Amount:

Original Issue Premium:

Total Sources

#### ***Uses of Funds:***

Deposit with trustee for refunding of Refinanced Obligations:

Costs of Issuance:

Underwriters' Discount:

Total Uses





## INVESTMENT AND LEGAL CONSIDERATIONS

*The following discussion of investment considerations should be reviewed by prospective investors prior to purchasing the Series 2017 Bonds. Any one or more of the investment considerations discussed herein could lead to a decrease in the market value and the liquidity of the Series 2017 Bonds or, ultimately, a payment default on the Series 2017 Bonds. There can be no assurance that other factors not discussed herein will not become material in the future. In addition, the following discussion summarizes some, but not all, of the possible legal issues that could adversely affect the ability of the Corporation to pay debt service on all or a portion of the Series 2017 Bonds on a timely basis or in full, and could have an adverse effect on the liquidity and/or market value of the Series 2017 Bonds. The discussion does not address every possible legal challenge that could result in a decision that would cause the Sales Tax Revenues to be reduced or eliminated. References in the discussion to various opinions are incomplete summaries of such opinions and are qualified in their entirety by reference to the actual opinions.*

### **Factors Affecting Sales Tax Revenues**

#### ***State Appropriation***

The City's receipt of its allocable portion of the Local Share Sales Tax Revenues attributable to the Illinois Use Tax and the Illinois Service Use Tax (other than with respect to titled personal property) (approximately 12% of Sales Tax Revenues received by the City in 2016) is subject to annual appropriation by the Illinois General Assembly. The Illinois General Assembly, which is composed of the Senate and the House of Representatives, meets in annual session to, among other things, consider the Governor's proposed budget and pass appropriation bills. If an appropriation bill is not passed prior to June 1, it must receive the vote of three-fifths of the members elected to each house of the Illinois General Assembly in order to be effective for the State fiscal year beginning on July 1 of the same year. After an appropriation bill is passed, it is presented to the Governor, who has 60 days to approve or return (i.e. veto) the bill, and is not enacted or effective until approved or passed notwithstanding the Governor's veto (i.e. an overridden veto). From time to time, the State budget has been enacted after the beginning of a fiscal year. The State did not enact a complete budget with appropriations for all usual spending for fiscal year 2016 or 2017. During the course of those fiscal years, the State on several occasions enacted appropriations for limited spending. The State also did not enact a budget for fiscal year 2018 prior to the start of fiscal year 2018. The fiscal year 2018 budget, which also included certain appropriations for fiscal year 2017, was enacted on July 6, 2017.

The City's receipt of such portion of the Local Share Sales Tax Revenues that is subject to annual appropriation was delayed in September, October and November 2015, because the Illinois General Assembly did not make the appropriation required for the City to receive such revenues. The appropriation was made, and the City received the revenues which it was to have received, in December 2015. Transfers of Sales Tax Revenues to the City have not otherwise historically been delayed. There can be no assurance that delays in the transfer by the State of the City's allocable portion of the Local Share Sales Tax Revenues subject to annual State appropriation may not occur in the future. The State has in recent years been late in making payments of other revenues to units of local government and third party vendors. If the receipt of Local Share Sales Tax Revenues were delayed, such delay would cause a reduction in the amount of Sales Tax Revenues the Corporation receives on a timely basis in any given year, which could materially adversely affect the Corporation's ability to make required payments on Outstanding Secured Obligations, including the Series 2017 Bonds.

#### ***Changes in Economic and Demographic Conditions***

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

### ***Changes to Tax Rates, Base and Exemptions***

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

### ***Competition***

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

### ***Internet Sales***

In recent years, increasing numbers of sales transactions have taken place over the Internet, and Internet sales transactions are expected to continue to increase. Effective January 1, 2015, the State expanded the application of the Illinois Use Tax and the Illinois Service Use Tax to apply to out-of-state retailers and service providers that (a) have a contract with a person located in the State under which the person, for a commission or other consideration based upon the sale of tangible personal property by the retailer or service by the service provider, directly or indirectly refers potential customers to the retailer or service provider by providing to the potential customers a promotional code or other mechanism that allows the retailer or service provider to track purchases referred by such persons, and (b) made cumulative gross sales exceeding \$10,000 during the preceding 4 quarterly periods to customers referred to the retailer by persons in the State under such contracts. Examples of “other mechanisms” include a link on the person’s Internet website, promotional codes distributed through the mail, and promotional codes distributed through radio or their broadcast media. An effect of this expansion is to subject certain Internet sales to the Illinois Use Tax or the Illinois Service Use Tax. However, other Internet sales may not be treated, for sales and use tax purposes, comparably to, or may displace, the types of transactions where sales and use taxes currently are collected (including Internet sales currently subject to use taxes), which may have an adverse effect on tax collections.

### ***Adverse Change in Laws***

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

Notwithstanding the foregoing, in the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the basis on which the City’s share or percentage of Sales Tax Revenues is derived, or the use of such funds, so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City. See “SECURITY FOR THE SECURED OBLIGATIONS—Certain Covenants of the State and the City—*Covenants of the State Contained in the Act*”.

### ***Limited Resources of the Corporation; Series 2017 Bonds Are Not a Debt of the City or State***

The Series 2017 Bonds are limited obligations of the Corporation and are payable only from the Trust Estate. The Series 2017 Bonds are not obligations of the City or the State, neither the City nor the State is liable thereon, and no recourse may be had to either for payment of amounts owing on the Series 2017 Bonds. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the State or the City, and neither the credit, the revenues nor the taxing power of the State or the City is, or shall be deemed to be, pledged to the payment of any of the Series 2017 Bonds. The Corporation has no taxing power. See “SECURITY FOR THE SECURED OBLIGATIONS”.

## **No Right to Accelerate Secured Obligations after an Event of Default; Limited Remedies**

Under the Indenture, the occurrence of an Event of Default will not result in or permit an acceleration of any of the Secured Obligations, including the Series 2017 Bonds. This means that should an Event of Default occur, the Trustee and the holders of the Series 2017 Bonds may need to take action each month to exercise their rights and remedies with respect to each month's payment that is due on the Series 2017 Bonds. In addition, neither the Trustee nor the holders of the Series 2017 Bonds have the right to sell or foreclose on the Sales Tax Revenues or the rights of the Corporation under the Sale Agreement. The effect of these two provisions is that the only remedy for an Event of Default may be that each month, the Trustee or the holders of the Series 2017 Bonds will need to file with an appropriate court a request for a writ of mandamus directing the City and the Corporation to turn over the Sales Tax Revenues with respect to that month. Under such circumstances, there may be delays or reductions in payments on, or other losses with respect to, the Series 2017 Bonds.

## **Bankruptcy of the City**

Municipalities cannot file for protection under Title 11 of the United States Code (the "**Bankruptcy Code**") unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. Illinois state law does not currently permit the City to file a bankruptcy proceeding; however, from time to time, legislation has been introduced in the State General Assembly (including during its current session) which, if enacted, would permit Illinois municipalities to file for bankruptcy relief, which would be under Chapter 9 of the Bankruptcy Code. No assurance can be provided as to whether the State General Assembly may adopt any legislation that would permit the City to file for bankruptcy. The law is unclear as to whether the Governor of Illinois or another member of the executive branch of the State government has the power to authorize the City to file for bankruptcy. It is also possible that Congress will enact legislation that changes the eligibility requirements for municipalities to file for bankruptcy.

Actions could be taken in a bankruptcy of the City which would adversely affect the exclusion of interest on the Series 2017A Bonds from gross income for federal income tax purposes.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2017 Bonds or other losses to the holders of the Series 2017 Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2017 Bonds.

## **Bankruptcy Remoteness**

### *General*

The City and the Corporation intend and have structured the transfer of the Sales Tax Revenues to the Corporation in accordance with the Act and pursuant to the Sale Agreement as an absolute sale and not as the grant of a security interest in the Sales Tax Revenues to secure a borrowing of the City. Chapter 9 of the Bankruptcy Code provides that a bankruptcy court may not confirm a plan if the debtor is prohibited by law from taking any action necessary to carry out the plan. With the Act, the State has exercised its right to control the disposition of the Sales Tax Revenues under the Illinois Constitution and determined that the Sales Tax Revenues, once sold, are no longer property of the City. In the event of a City bankruptcy, a bankruptcy court could conclude that a plan of adjustment that contradicts this right and determination of the State would require the City to take action that is prohibited by law in order to carry out the plan and thus would not be confirmable. In addition, the opinion of Transaction Counsel discussed in the first paragraph below under "*Certain Opinions*" identifies certain factors that courts have considered in determining whether a transfer of assets should be deemed a true sale or a loan and notes that: the terms of the Sale Agreement expressly memorialize and confirm the City's transfer of the Sales Tax Revenues to the Corporation without recourse as a sale of the right, title and interest in and to the Sales Tax Revenues; the City has no right to obtain the return of the Sales Tax Revenues (although the City is entitled to the return of all Sales Tax Revenues that become Residual Revenues) and therefore Transaction Counsel has concluded that any change in their market value will not be for the direct benefit of or to the detriment of the City; the interest rates on the Series 2017 Bonds will be based on the current market rates for comparably rated, tax-exempt or taxable

bonds, not the rate at which the City could obtain a secured loan; both the Act and the Sale Agreement use the form and language of an absolute assignment and transfer of the Sales Tax Revenues and the City, for accounting purposes, will treat the transfer as an absolute sale; and the Sale Agreement explicitly states that the transfer of the Sales Tax Revenues from the City to the Corporation is an absolute sale rather than a secured borrowing. Notwithstanding the foregoing, no assurance can be given that a court will follow the intention of the City and the Corporation. If the City were to become a debtor in a bankruptcy case, and a party in interest (including the City itself) were to take the position that the transfer of the Sales Tax Revenues to the Corporation should be recharacterized as the grant of a security interest in the Sales Tax Revenues, delays in payments on the Series 2017 Bonds could result. If a court were to adopt such position, then delays or reductions in payments on, or other losses with respect to, the Series 2017 Bonds could result.

The City and the Corporation have taken steps to minimize the risk that in the event the City were to become the debtor in a bankruptcy case, a court would order that the assets and liabilities of the City be substantively consolidated with those of the Corporation. The Corporation is a separate, special purpose not-for-profit corporation, the organizational documents of which provide that it shall not commence a voluntary bankruptcy case without the unanimous affirmative vote of all of its directors (although this provision may not be enforceable). The opinion of Transaction Counsel discussed in the second paragraph below under “—*Certain Opinions*” identifies certain factors that courts have considered in substantive consolidation cases and notes that: the City and the Corporation have a separate corporate existence under the requirements of the Act, the Corporation’s bylaws, and the Sale Agreement; the City and the Corporation are not only separate entities under State statutes, but are distinct kinds of entities under the Illinois Constitution; the Series 2017 Bonds are not the obligations or debts of the City (or the State) and therefore the holders of the Series 2017 Bonds are not creditors of the City and are not relying on the credit of the City; and the Bondholders have been and will be protected against any possible confusion by appropriate disclosure. Notwithstanding the foregoing, no assurance can be given that the risk of substantive consolidation has been eliminated. If a party in interest (including the City itself) were to take the position that the assets and liabilities of the Corporation should be substantively consolidated with those of the City, delays in payments on the Series 2017 Bonds could result. If a court were to adopt such position, then delays or reductions in payments on, or other losses with respect to, the Series 2017 Bonds could result.

#### *Certain Opinions*

Transaction Counsel will render an opinion to the Corporation and the Underwriters that, subject to all the assumptions, qualifications, and discussions set forth therein, under current laws, in a case under the Bankruptcy Code in which the City is a debtor, a court, exercising reasonable judgment after full consideration of all relevant factors, would not hold that the money paid or payable (including after the petition date) by the State to the City as assigned to the Corporation pursuant to the Sale Agreement and the Act is property of the City or “property of the estate” of the City and would not hold that the rights of the Corporation to such money are subject to the operation of Section 362(a) (as incorporated in Chapter 9 by the operation of Section 901(a)) or Section 922(a) of the Bankruptcy Code in a Chapter 9 case of the City. Certain of the assumptions contained in the opinion will be assumptions that certain facts or circumstances will exist or occur, and Transaction Counsel will provide no assurance that such facts or circumstances will exist or occur as assumed in the opinion. The opinion will be based on an analysis of existing federal laws and court decisions, and will cover certain matters not directly addressed by such authorities. There are no court decisions directly on point, there are court decisions that could be viewed as contrary to the conclusions expressed in the opinion, and the matter is not free from doubt. Accordingly, no assurance will be given that a court would not hold that the money paid or payable (including after the petition date) by the State to the City as assigned to the Corporation pursuant to the Sale Agreement and the Act is property of the City or “property of the estate” of the City, or is subject to the automatic stay under the Bankruptcy Code, thus resulting in delays or reductions in payments on, or other losses with respect to, the Series 2017 Bonds.

Transaction Counsel will also render an opinion to the Corporation and the Underwriters that, subject to all the assumptions, qualifications, and discussions set forth therein, under current laws, in a case under the Bankruptcy Code in which the City is a debtor, the court, exercising reasonable judgment after full consideration of all relevant factors, would not order the substantive consolidation of the assets and liabilities of the Corporation and those of the City. Certain of the assumptions contained in the opinion will be assumptions that certain facts or circumstances will exist or occur, and Transaction Counsel can provide no assurance that such facts or circumstances will exist or occur as assumed in the opinion. The opinion will be based on an analysis of existing federal laws and court

decisions, and will cover certain matters not directly addressed by such authorities. There are no court decisions directly on point, there are court decisions that could be viewed as contrary to the conclusions expressed in the opinion, and the matter is not free from doubt. Accordingly, no assurance can be given that if the City were to become a debtor in a bankruptcy case, a court would not order the substantive consolidation of the assets and liabilities of the Corporation with those of the City, thus resulting in delays or reductions in payments on, or other losses with respect to, the Series 2017 Bonds.

### **Limitations on Certain Opinions**

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

### **CONTINUING DISCLOSURE UNDERTAKING**

The Corporation will enter into a Continuing Disclosure Undertaking, dated the Closing Date (the "**Continuing Disclosure Undertaking**"), for the benefit of the beneficial owners of the Series 2017 Bonds, to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "**MSRB**") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "**Rule**") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The MSRB has designated its Electronic Municipal Market Access ("**EMMA**") system as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events of which notice will be provided on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the Corporation to comply with the Undertaking will not constitute a default under the Series 2017 Bonds or the Indenture, and beneficial owners of the Series 2017 Bonds are limited to the remedies described in the Undertaking. See "**—Consequences of Failure of the Corporation to Provide Information**" below. A failure by the Corporation to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

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

### **Annual Financial Information Disclosure**

The Corporation covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB, beginning with the Corporation's fiscal year ending December 31, 2018. The Corporation is required to file such information so that the MSRB receives the information by the dates specified in the Undertaking.

"**Annual Financial Information**" means financial information and operating data of the type included in this Offering Circular under the captions "**SALES TAX REVENUES—General**" and "**—Historical Collections of Sales Tax Revenues**", which shall include the following:

(i) descriptions of the Home Rule Sales Taxes and the State Sales Taxes, which shall include a description of the tax rates and the components of the Home Rule Sales Taxes and the State Sales Taxes (unless such taxes have been materially changed or modified, in which case such information about the changed or modified tax will be provided); and

(ii) the information in the tables titled “Annual Sales Tax Revenues”, “Monthly Sales Tax Revenues” and “Components of Sales Tax Revenues” under the caption “SALES TAX REVENUES—Historical Collection of Pledged Sales Tax Revenues”.

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

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

### **Events Notification; Events Disclosure**

The Corporation covenants that it will disseminate in a timely manner, not in excess of ten business days, to the MSRB the disclosure of the occurrence of a Reportable Event. The “**Reportable Events**” are:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2017A Bonds, or other material events affecting the tax status of the Series 2017A Bonds;
- (7) modifications to rights of holders of the Series 2017 Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2017 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Corporation (such an Event will be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation);

(13) the consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

### **Consequences of Failure of the Corporation to Provide Information**

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

In the event of a failure of the Corporation to comply with any provision of the Undertaking, the beneficial owner of any Series 2017 Bond may seek mandamus or specific performance by court order to cause the Corporation to comply with its obligations under the Undertaking. The Undertaking provides that any court order must be initiated in the Circuit Court of Cook County. A default under the Undertaking shall not be deemed a default under the Series 2017 Bonds or the Indenture, and the sole remedy under the Undertaking in the event of any failure of the Corporation to comply with the Undertaking shall be an action to compel performance.

### **Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the Corporation may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Corporation or type of business conducted; (ii) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the offering of the Series 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2017 Bonds, as determined by a party unaffiliated with the Corporation (such as the Trustee or Transaction Counsel), or by approving vote of the beneficial owners of the Series 2017 Bonds pursuant to the terms of the Indenture at the time of the amendment; or

(b) the amendment or waiver is otherwise permitted by the Rule.

### **EMMA**

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

### **Termination of Undertaking**

The Undertaking shall be terminated if the Corporation shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2017 Bonds under the Indenture.

### **Additional Information**

Nothing in the Undertaking will be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements, or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Corporation chooses to include any information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the

Corporation shall have no obligation under the Undertaking to update such information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event.

## TAX MATTERS

### Series 2017A Bonds

#### *Federal Income Tax*

The Internal Revenue Code of 1986, as amended (the “**Code**”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2017A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017A Bonds. Pursuant to the Indenture and a Tax Certificate dated the date of delivery of the Series 2017A Bonds (the “**Corporation Tax Certificate**”), the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2017A Bonds from gross income for federal income tax purposes under Section 103 of the Code. Pursuant to the Sale Agreement and a Tax Certificate dated the date of delivery of the Series 2017A Bonds (the “**City Tax Certificate**”), and with the Corporation Tax Certificate, the “**Tax Certificates**”), the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2017A Bonds from gross income for federal income tax purposes under Section 103 of the Code. In addition, the Corporation and the City have made certain representations and certifications in the Tax Certificates. Transaction Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Transaction Counsel (“**Transaction Counsel**”), under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Corporation and the City described above, interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Transaction Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code.

#### *State Taxes*

Interest on the Series 2017A Bonds is not exempt from present Illinois income taxes. Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Series 2017A Bonds nor as to the taxability of the Series 2017A Bonds or the income therefrom under the laws of any jurisdiction other than the State.

#### *Original Issue Discount*

The excess of the principal amount of any maturity of the Series 2017A Bonds over the price at which a substantial amount of such maturity of the Series 2017A Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each a “**2017A Discount Bond**”, and collectively, the “**2017A Discount Bonds**”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2017A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each 2017A Discount Bond and the basis of each 2017A Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the 2017A Discount Bonds, even though there will not be a corresponding cash payment. Owners of 2017A Discount Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such 2017A Discount Bonds.



### ***Original Issue Premium***

Certain maturities of the Series 2017A Bonds (each a “**2017A Premium Bond**”, and collectively, the “**2017A Premium Bonds**”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a 2017A Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each 2017A Premium Bond based on the purchaser’s yield to maturity (or, in the case of 2017A Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a 2017A Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such 2017A Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2017A Premium Bonds. Owners of 2017A Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such 2017A Premium Bonds.

### ***Ancillary Tax Matters***

Ownership of the Series 2017A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2017A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2017A Bonds is subject to information reporting to the Internal Revenue Service (the “**IRS**”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2017A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Transaction Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2017A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### ***Changes in Law and Post Issuance Events***

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2017A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2017A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2017A Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2017A Bonds may occur. Prospective purchasers of the Series 2017A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2017A Bonds.

Transaction Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017A Bonds may affect the tax status of interest on the Series 2017A Bonds.

Transaction Counsel expresses no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2017A Bonds, or the interest thereon, if any action is taken with respect to the Series 2017A Bonds or the proceeds thereof upon the advice or approval of other counsel or otherwise.

## **Series 2017B Bonds**

### ***Federal Income Tax***

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2017B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2017B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2017B Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2017B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2017B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2017B Bonds.

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

### ***U.S. Holders***

As used herein, the term “**U.S. Holder**” means a beneficial owner of Series 2017B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2017B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2017B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2017B Bonds.

### ***Taxation of Interest Generally***

Interest on the Series 2017B Bonds is not excluded from gross income for federal income tax purposes under Code Section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase Series 2017B Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2017B Bonds. In general, interest paid on the Series 2017B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal

payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Series 2017B Bonds and capital gain to the extent of any excess received over such basis.

### ***Original Issue Discount***

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2017B Bonds issued with original issue discount (“**2017B Discount Bonds**”). A Series 2017B Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2017B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2017B Bond's “stated redemption price at maturity” is the total of all payments provided by the Series 2017B Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a 2017B Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Series 2017B Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any 2017B Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a 2017B Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the 2017B Discount Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a 2017B Discount Bond at the beginning of any accrual period is the sum of the issue price of the 2017B Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Series 2017B Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2017B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

### ***Market Discount***

Any owner who purchases a Series 2017B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2017B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner of a Series 2017B Bond who acquires such Series 2017B Bond at a market discount also may be required to defer, until the maturity date of such Series 2017B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2017B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2017B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2017B Bond for the days during the taxable year on which the owner held the Series 2017B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2017B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

### ***Bond Premium***

A holder of a Series 2017B Bond who purchases such Series 2017B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2017B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2017B Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2017B Bonds who acquire such Series 2017B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2017B Bonds.

### ***Surtax on Unearned Income***

Section 1411 of the Code generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

### ***Sale or Redemption of Bonds***

A Bondholder's adjusted tax basis for a Series 2017B Bond is the price such owner pays for the Series 2017B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2017B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2017B Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2017B Bond is held as a capital asset (except in the case of Series 2017B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the Series 2017B Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the Series 2017B Bonds may also result in a deemed sale or exchange of such Series 2017B Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF SERIES 2017B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE SERIES 2017B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2017B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

### *Non-U.S. Holders*

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2017B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “**Non-U.S. Holder**”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“**FATCA**”), payments of principal by the Corporation or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of the Corporation, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Corporation (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Corporation, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the Series 2017B Bonds must certify to the Corporation or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2017B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2017B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2017B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2017B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018 (see IRS Notice 2015-66), gross proceeds of the sale of the Series 2017B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the Series 2017B Bonds shall have no recourse against the Corporation, nor will the Corporation be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2017B Bonds.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2017B Bonds.

### ***Information Reporting and Backup Withholding***

For each calendar year in which the Series 2017B Bonds are outstanding, the Corporation, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Corporation, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Series 2017B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

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

Payments of the proceeds from the sale of a Series 2017B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2017B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2017B Bonds, including the

tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

### *State Taxes*

Interest on the Series 2017B Bonds is not exempt from present Illinois income taxes. Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Series 2017B Bonds nor as to the taxability of the Series 2017B Bonds or the income therefrom under the laws of any jurisdiction other than the State.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2017B BONDS.

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

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“**ERISA Plans**”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“**Qualified Retirement Plans**”), and on Individual Retirement Accounts (“**IRAs**”) described in Section 408(b) of the Code (collectively, “**Tax-Favored Plans**”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2017B Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal and state law.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “**Benefit Plans**”) and persons who have certain specified relationships to the Benefit Plans (“**Parties In Interest**” or “**Disqualified Persons**”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of the Series 2017B Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Corporation were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “**Plan Assets Regulation**”), the assets of the Corporation would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an “equity interest” in the Corporation and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2017B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2017B Bonds, including the reasonable expectation of purchasers of Series 2017B Bonds that the Series 2017B Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Series 2017B Bonds for ERISA purposes could change subsequent to issuance of the Series 2017B Bonds. In the event of a withdrawal or

downgrade to below investment grade of the rating of the Series 2017B Bonds or a characterization of the Series 2017B Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2017B Bonds or any interest therein by a Benefit Plan Investor is prohibited.

However without regard to whether the Series 2017B Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2017B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Corporation or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2017B Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2017B Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2017B Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2017B Bond (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of the Series 2017B Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Benefit Plan Investors may not purchase the Series 2017B Bonds at any time that the ratings on the Series 2017B Bonds are below investment grade or the Series 2017B Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Series 2017B Bonds with assets of a Benefit Plan Investor represents that such purchaser or transferee has considered the fiduciary requirements of ERISA or other similar laws and has consulted with counsel with regard to the purchase or transfer.

Any ERISA Plan fiduciary considering whether to purchase the Series 2017B Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

## LITIGATION

There is no litigation pending in any court (either State or federal) to restrain or enjoin the issuance or delivery of the Series 2017 Bonds or questioning the creation, organization or existence of the Corporation, the validity or enforceability of the Indenture, the sale of the Sales Tax Revenues by the City to the Corporation, the proceedings for the authorization, execution, authentication and delivery of the Series 2017 Bonds or the validity of the Series 2017 Bonds. For a discussion of other legal matters, see “INVESTMENT AND LEGAL CONSIDERATIONS”.



## RATINGS

It is expected that, upon issuance of the Series 2017 Bonds, S&P Global Ratings (“**S&P**”) will assign a rating of “\_\_\_”, Fitch, Inc. (“**Fitch**”) will assign a rating of “\_\_\_” and Kroll Bond Rating Agency Inc. (“**Kroll**” and together with S&P and Fitch, each a “**Rating Agency**”) will assign a rating of “\_\_\_” for the Series 2017 Bonds.

The ratings by the Rating Agencies reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the Rating Agencies with respect thereto should be obtained from the Rating Agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041, Fitch Ratings, One State Street Plaza, New York, New York 10004 and Kroll Bond Rating Agency Inc., 845 Third Avenue, New York, New York 10022.

There is no assurance that the initial ratings assigned to the Series 2017 Bonds will continue for any given period of time or that any of such ratings will not be revised downward, suspended or withdrawn entirely by the Rating Agencies. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the availability of a market for or the market price of such Series 2017 Bonds.

## FINANCIAL ADVISORS AND INDEPENDENT REGISTERED MUNICIPAL ADVISOR

The Corporation has retained Columbia Capital Management, LLC and Swap Financial Group, LLC to act as financial advisors (the “**Co-Financial Advisors**”) in connection with the issuance and sale of the Series 2017 Bonds. The Co-Financial Advisors have provided advice on the plan of financing and structure of the Series 2017 Bonds and have reviewed certain legal documents, including this Offering Circular, with respect to financial matters. The Co-Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Offering Circular. Each of the Co-Financial Advisors is a “municipal advisor” as defined in Rule 15Ba1-1 of the Securities and Exchange Commission.

The Corporation has retained Martin J. Luby LLC as its independent registered municipal advisor (the “**IRMA**”) pursuant to Rule 15Ba1-1-(d)(3)(vi) of the Securities and Exchange Commission to evaluate financing proposals and recommendations in connection with the Corporation’s issuance of Secured Obligations. The IRMA’s compensation is not dependent on the offering of the Series 2017 Bonds.

## CERTAIN VERIFICATIONS

Robert Thomas, CPA, LLC, Shawnee Mission, Kansas (the “**Verifier**”), upon delivery of the Series 2017 Bonds, will deliver to the Corporation, Transaction Counsel and the Underwriters a report stating that the firm, at the request of the Corporation and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (i) the sufficiency of the principal and interest received from the investment in Refinanced Obligations Defeasance Obligations, together with any initial cash deposit, to meet the timely payment of the applicable principal or redemption price of and interest on the Refinanced Obligations, as described under “**PLAN OF FINANCE**”, and (ii) the yields on the tax-exempt Series 2017A Bonds and on the tax-exempt Refinanced Obligations.

The Verifier will express no opinion on the attainability of any assumptions or the tax-exempt status of the Series 2017A Bonds. The computations verified by the Verifier are intended in part to support conclusions of the Corporation and Transaction Counsel concerning the federal income tax status of the tax-exempt Series 2017A Bonds.

## UNDERWRITING

The Series 2017 Bonds are being purchased by the underwriters listed on the cover page hereof (the “**Underwriters**”), for whom Jefferies LLC is acting as lead manager.

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2017 Bonds from the Corporation at an aggregate underwriters' discount of \$\_\_\_\_\_, which underwriters' discount includes reimbursement for expenses of counsel and other expenses.

The initial public offering prices of the Series 2017 Bonds may be changed from time to time by the Underwriters. The Series 2017 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Series 2017 Bonds into investment trusts) at prices lower than such public offering prices.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Corporation as Underwriters) for the distribution of the Series 2017 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Corporation for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

## **LEGAL MATTERS**

Nixon Peabody LLP, Chicago, Illinois, as Transaction Counsel, will render an opinion with respect to the validity of the Series 2017 Bonds in substantially the form set forth in APPENDIX B —“PROPOSED FORM OF OPINION OF TRANSACTION COUNSEL” hereto. Certain legal matters with respect to the Corporation will be passed upon by (i) Nixon Peabody LLP, as Transaction Counsel, (ii) Mayer Brown LLP, as Counsel to the Corporation, and (iii) Charity & Associates, P.C., as Special Disclosure Counsel to the Corporation. Certain legal matters with respect to the City will be passed upon by (i) its Corporation Counsel and (ii) Chapman and Cutler LLP, as Special Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York, as Underwriters' Counsel.

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## APPENDIX A

### BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

#### Introduction

The information in this section concerning The Depository Trust Company, New York, New York (“DTC”), Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme, Luxembourg (“**Clearstream Banking**”) (DTC, Euroclear and Clearstream Banking together, the “**Clearing Systems**”), and DTC’s book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Offering Circular. Neither the Corporation nor the Underwriters of the Series 2017 Bonds make any representation as to its accuracy or completeness.

DTC will act as the initial securities depository for the Series 2017 Bonds. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the Corporation expressly disclaims any responsibility to update this Offering Circular to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the Corporation believes to be reliable, but neither the Corporation nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Corporation will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2017 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

#### Clearing Systems

##### *DTC Book-Entry Only System*

The Depository Trust Company, New York, New York (“**DTC**”) will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2017 Bonds bearing interest at a specific interest rate, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2017 Bonds certificates will be printed and delivered to DTC.

THE CORPORATION AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2017 BONDS: (1) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2017 BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2017 BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2017 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFERING CIRCULAR.

THE CORPORATION AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2017 BONDS; (3) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2017 BONDS.

#### *Euroclear and Clearstream Banking*

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

#### **Clearing and Settlement Procedures**

The Series 2017 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the Series 2017 Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities

settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Corporation will not impose any fees in respect of holding the Series 2017 Bonds; however, holders of book-entry interests in the Series 2017 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

#### *Initial Settlement*

Interests in the Series 2017 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Series 2017 Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the Series 2017 Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Series 2017 Bonds against payment (value as on the date of delivery of the Series 2017 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2017 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Series 2017 Bonds following confirmation of receipt of payment to the Corporation on the date of delivery of the Series 2017 Bonds.

#### *Secondary Market Trading*

Secondary market trades in the Series 2017 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Series 2017 Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Series 2017 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2017 Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

#### **General**

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Corporation nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information herein concerning Euroclear, Clearstream Banking and DTC has been obtained from sources that the Corporation and the Underwriters believe to be reliable, but the Corporation and the Underwriters take no responsibility for the accuracy thereof.



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**APPENDIX B**

**PROPOSED FORM OF OPINION OF  
TRANSACTION COUNSEL**

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**APPENDIX C**  
**DEFINITIONS AND SUMMARY OF THE INDENTURE**

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**APPENDIX D**

**SUMMARY OF REFINANCED OBLIGATIONS**

The following is a list of the bonds issued by the City of Chicago that will be refunded with a portion of the proceeds of the Series 2017 Bonds. All of the bonds listed below are the Refinanced Obligations described in "PLAN OF FINANCE".

<u>Series</u>	<u>CUSIP Number</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Principal</u>	<u>Principal Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
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**EXHIBIT E**

**Resolution to Approve Budget for 2017 and 2018**

**RESOLUTION OF  
THE BOARD OF DIRECTORS OF THE  
SALES TAX SECURITIZATION CORPORATION**

**Approving a Budget for Fiscal Years 2017 and 2018**

**November 2, 2017**

**WHEREAS**, the Master Trust Indenture by and between the Sales Tax Securitization Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Indenture”), provides for the transfer of certain amounts to an Operating Fund for disbursement to the Corporation for its operating expenses; and

**WHEREAS**, the Indenture further provides that the amount to be transferred to the Operating Fund shall not exceed the lesser of \$250,000 or the amount of expenses budgeted by the Corporation;

**NOW, THEREFORE, BE IT RESOLVED** by the Corporation as follows:

Sec. 1. The expenditure of up to \$250,000 out of the Operating Fund established under the Indenture or any bank account held by the Corporation, is approved for Corporation Expenses for the Fiscal Years ending December 31, 2017 and December 31, 2018.

Sec. 2. For the purposes of this resolution, “Corporation Expenses” has the meaning given to that term in the Indenture.